

MINUTES OF THE MEETING OF THE COUNCIL
OF THE SOCIALIST INTERNATIONAL

OECD, Paris, 15-16 November 2010

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OPENING

Luis Ayala, Secretary General of the Socialist International, opened the meeting of the Council, greeting delegates from all parts of the world, and reflecting that these discussions in Paris were an expression of the commitment of our friends in the French Socialist Party to the SI's efforts both internationally and as individual parties.

He greeted President George Papandreou and congratulated him on his outstanding victory in the Greek elections of the previous night which had brought socialist administrations to the majority of municipalities in his country.

Ayala thanked the French Socialist Party for their warm welcome and in particular their First Secretary Martine Aubry who had contributed to the work of the SI, in particular, he recalled her participation in the work of the Global Progress Commission some years earlier which set a socialist path in dealing with globalisation.

He thanked SI Vice-President Ségolène Royal for all her support to the work of the Presidium and the Council, and he expressed great appreciation to Pierre Mauroy, former President of the SI and currently Honorary President, whose dedication to our movement had been exemplary.

The venue for this meeting, the headquarters of the Organisation for Economic Co-operation and Development, like the previous venue at the United Nations, was one of international significance. Ayala expressed special gratitude to the OECD's Secretary General, Angel Gurría.

Since 2008, he continued, the SI had been searching for ways to protect people, especially the most vulnerable, from the effects of the economic and financial crisis. This meeting, following the recent G20 meeting in Seoul, would outline our plan for a broad, inclusive and sustainable recovery.

Looking towards the COP16 in Cancún, he said we must ensure that effective substantial commitments were defined, and this Council meeting would aim to mobilise the international community around a unified response to the urgent threat of climate change. We were proud of our record on this issue and especially of the work of the Commission for a Sustainable World Society, co-chaired by President Ricardo Lagos, Special Envoy of the Secretary-General of the United Nations and Goran Persson, former Prime Minister of Sweden.

Democracy would also be discussed at this meeting and we were particularly pleased at the release of Aung San Suu Kyi, which was a first step towards the recovery of democracy in Burma.

There would be contributions from many of our African friends, he said. The SI was committed, along with our social democratic leaders in Africa, to ensuring a democratic future for that continent.

The very important debate on peace in the Middle East, that had led to an unprecedented resolution at the New York Council meeting, would also be continued.

The SI had successfully launched peace initiatives in Azerbaijan and in Armenia and the Council would hear reports concerning Morocco, Western Sahara, and also Iraq where we were particularly pleased that our Vice-President and leader of our member party in that country, Jalal Talabani, had recently been re-elected President.

In view of the forthcoming NATO summit, the Council would also discuss disarmament and a statement on missile defence and NATO strategy.

Here in Paris, together with friends from all continents, we would be proving the relevance of social democracy everywhere. In particular he wished to greet Cristina Narbona of Spain, a member also of the SI Commission on Climate Change, and all the others who work in the OECD under the fine leadership of Angel Gurría, to make the organisation what it is today.

Angel Gurría, Secretary General of the OECD, expressed his pleasure at welcoming the Socialist International Council meeting to the OECD.

Achieving international consensus on the major agenda issues would be no easy task, he said, given the constraints resulting from the current economic situation. We could not rely on the growth paradigm that prevailed before the crisis: we needed new sources of growth driven by innovation and green strategies. The crisis had revealed the need for more innovative social policy-making rather than simple modification or the extension of existing programmes. Faced with such challenges political leaders, and the Socialist International in particular, had a mandate for change and a duty to rebuild confidence.

Following the determination expressed at the G20 Summit in Seoul to put jobs at the heart of the recovery, people were looking to all of us to provide concrete responses to those who had lost their jobs. Even though labour market conditions had started to improve in most OECD countries, unemployment rates had peaked at 8.5% at the end of 2009 and were set to fall only slowly to 7.25% in 2012. Especially in emerging and developing economies workers and their families were at risk of sliding into extreme poverty. Although job losses affected all social groups it was, as ever, the disadvantaged who bore the brunt. Unemployment had increased much faster for youth than for adults. We needed to take effective measures to avoid the risk of a lost generation, he cautioned.

First and foremost, governments needed targeted programmes for the most vulnerable. The OECD had suggested some key policy measures to assist this job-rich recovery: support for labour demand should shift from preserving jobs to job-creation; and activation strategies such as training and job-search assistance should ensure effective support to job-seekers, with special attention to the long-term unemployed. Reducing youth unemployment must be at the centre of such policies, and improving skills and qualifications should be an important part of our efforts.

Wasting the potential of women was not an option, he continued, especially in the context of an ageing workforce. The OECD was looking at ways to reduce the gender gap with a focus on education, employment and entrepreneurship. He mentioned some of the strategies that the OECD was developing to help policy-makers identify essential skills for the future, to ensure lifelong employability

and lifelong learning, and to focus significant attention to assisting workers in the transition to a low-carbon economy.

Adequate social safety nets were essential; during the crisis the OECD had advised governments where coverage was weak. Transfer programmes had to be scaled up especially to low-income households with children, which could be made conditional on school attendance.

The crisis must not be allowed to erode hard-won achievements, he said. The OECD's examination of the issue of healthcare had clearly shown that safeguarding and improving healthcare was vital for economic growth. OECD ministers recommended giving priority to two policies: shifting emphasis from volume to quality by realigning pay incentives for health professionals, and putting greater emphasis on prevention.

Promoting growth would depend on our ability to measure progress and well-being, he continued, so the OECD was working on a new generation of statistics taking into account the social and environmental dimensions of economic development. That work would continue.

Gurría commended the resolution shown by some countries led by members of the Socialist International in addressing their economic problems. These governments had put social policies to the fore, and had done what was necessary to avoid a clash with markets that could put people in a worse situation. This was the case with Greece under the leadership of SI President George Papandreou. Similarly, countries such as Spain and Portugal had taken decisive action to help mitigate the worst effects of the crisis. This was not easy, but markets had responded positively to their brave policies.

The OECD's fifty years of knowledge and experience, he said, could be relied on to support the Council's efforts to foster a job-rich recovery, effective labour and social policies, and the restoration of confidence.

The OECD was stepping up its efforts to be more relevant in a changing world, welcoming new members, developing closer relationships with major emerging economies and working with other countries in the spirit of co-operation and sharing knowledge; it was contributing to the work of the G20 in many fields and its Public Governance ministerial meeting was discussing how governments can work to improve public-sector efficiency and interact more effectively with markets and citizens to contribute to a stronger, cleaner and fairer economy.

Gurría assured the Council that the OECD was ready to work with the Socialist international and all reform-minded constituencies in OECD countries and beyond towards a job-rich sustainable recovery for all. In conclusion he warmly welcomed the SI Council to the OECD.

Martine Aubry, First Secretary of the French Socialist Party, on behalf of her party and of its representative at the SI, Ségolène Royal, welcomed the SI Council to Paris, the city where our forerunner, the International Socialist Workers Movement in 1889 had held its founding congress. She greeted Pierre Mauroy who had been such an effective President of the SI and without whom we might not have been meeting here today.

She greeted SI President George Papandreou, and congratulated him on recent elections in Greece, saying we could all be encouraged by his example of political courage in difficult circumstances being rewarded.

Congratulating President Talabani on his re-election as President of Iraq, she affirmed his efforts to re-establish his country and the peace for which all Iraqis longed.

We could not fail to rejoice together at the liberation of Aung San Suu Kyi, Honorary President of the SI, whose exceptional courage and determination were a symbol of democracy and freedom in Burma and beyond.

The Socialist International, she continued, is a unique institution which reflects one of the pillars of our socialist commitment: the belief that development has to be shared, through solidarity and cooperation; we trusted in multilateralism to deal with the great global challenges. Recent schisms and changes in the world could only strengthen that conviction while making us aware that new tools and responses must be found. That was why it was so important that the Socialist International should meet here today and work together to come up with the necessary global responses.

Our world, while more multi-polar and less dominated by the West, was badly regulated and more fragmented. The Soviet empire had sunk, and the United States was learning its limitations. Others such as China and India were gaining confidence and aspiring to power.

Energy was becoming scarce, over-production of food had not eliminated famine, and the old industrial geography had been overturned. Destabilised by the global economic crisis and the financial disorder which Joseph Stiglitz called 'capitalist greed', our world was still beset by wars and additional threats like nuclear proliferation and terrorism. And yet there was no reason for nostalgia, she said: western domination had seen the great depression, colonisations, unimaginable barbarism, the balance of terror and the inability of East and West to speak to the other.

This new totally fluid world offered opportunities as well as risks; it was up to us to choose what it would become. As socialists and social democrats we had a particular responsibility to ensure a fairer, better regulated and more humane world. Cooperation had become essential, so we had to re-think multilateralism: with the new strength of the South and the emerging countries, the usual procedures were no longer adequate. The rules of the game, the relations between the West and the rest, all must be revised. Collectively we must find intelligent ways to deal with the problems of resources, of common goods, and of newly emerging aspirations.

Aubry saw the role of the United Nations as central to these aims, with a more representative Security Council and a strengthened UN role among international organisations by granting it permanent civil and military resources. The UN must represent the highest judicial body regulating international relations, so that in tomorrow's society the rule of law would always win the law of the jungle.

In this globalised system, the social and environmental dimensions of economic exchanges must be taken into account; instead of a plethora of environmental organisations discussing this topic, there should be a single world organisation for the environment. It was clear that in all this upheaval the risk of servitude remained, perhaps in a more subtle way but also possibly even stronger in this all-powerful unregulated globalised market.

Faced with this financial capitalism people felt a loss of control of their destiny. The crisis had thrown light on the extraordinary power of the markets whose taming was ever more urgent. A new model for globalisation must bring markets under the control of international laws and of societal and developmental needs. This was our common goal and was attainable insofar as we were united.

The crisis was not over; she said, and recovery required the coordination of policies for investment support both private and public, to encourage consumption and thus growth and employment. The current everyone-for-himself meant that one way or another all were losing, and in Europe this was doubly severe with a strong euro and brutal austerity measures.

Financial regulation had become a matter of urgency. European socialist parties had put suggestions to the G20 meetings. Currency dumping must be banned, and we should be moving towards an international reserve currency which could be managed by the IMF and based on the intrinsic value of a basket of currencies. The G20 summit in Seoul had again disappointed, no binding mechanism having been agreed.

She outlined some essential measures for financial regulation and reform including a tax of 0.05% on financial transactions and a specific tax on bank profits, which would encourage financial stability and, above all, free up resources for the Millennium Development Goals, and the challenges of climate change; in fact a formidable tool for solidarity with countries of the South.

Another priority, she continued, was to fight for progressively more fair international trade, including the elimination of agricultural subsidies for northern countries. For socialists the objective was to keep our promises concerning development aid towards the least advanced countries, especially in Africa, with specific support to education, health, and agriculture to ensure adequate food.

In emerging countries too social policies were essential to guarantee fair redistribution of the fruits of growth to benefit the whole of society. This was the way chosen by President Lula in Brazil, which Dilma Roussef would continue with the 'Family Purse' which had lifted 11 million families out of extreme poverty and brought millions of children into schools. Similarly India had introduced a minimum rural income to support the very poorest, and a programme to bring literacy to 70 million citizens.

Humanity had to recognise the effects of climate change and that we were bent on a slow ecological suicide through overexploitation of the natural resources that sustained our world. The world organisation for the environment must deal with all these contributing challenges and establish 'a collective planetary conscience on environmental questions'. We would work with the WTO to impose decisions such as the recognition of water as a global public good, and the protection of biodiversity. This was the appeal that our Council in Paris would prepare for the Cancún summit in a few weeks.

This genuine voice of the left, she said, must also be heard joining the calls for peace, a great socialist tradition started in France by Jean Jaurès who gave his life for it. Our principles and our values already led in this direction and could contribute to halting the proliferation of arms and limiting fanatical temptations to go to war. We should support Barack Obama's initiatives for denuclearisation, a difficult road but the right one, and advocate a negotiated regulation of Iran's dangerous nuclear programme.

Our whole weight must be brought to bear on the initiatives for a just and durable peace in the Middle East: the world would be safer with two sovereign states, Israel and Palestine, each recognised by its neighbours and living in peace and guaranteed security. Europe as a major donor must play a greater

role in supporting balanced steps towards peace talks between the two parties. We were demanding a halt to settlement building so that these essential peace negotiations could continue.

Addressing our African comrades, Aubry said that French socialists wanted France to renew her relations with Africa and correct the dubious and misguided attitudes of the past and the condescension still shown by President Sarkozy. She would be visiting Africa in February for the Social Forum summit in Dakar and saw Africa moving steadily towards regional integration. The European Union and France must have as their goal the construction of a regional partnership with the southern Mediterranean and Africa in order to confront our common challenges: food security, climate, water, energy, migration, and sustainable development.

The values of the Left, human rights, international justice, gender equality, asylum rights, and respect for people's culture and language must all be held high.

For Europe to take its place in this multi-polar fragmented world it must be more unified. European integration had long been regarded with interest and sometimes admiration, but today disillusion was keeping pace with the EU's loss of credit compared to other blocs. In this crisis Europe must seize the moment, leave the old debates to the historians, and pick up the lead in the project for a strong Europe playing its essential role in ensuring a fairer globalisation. This would not require getting rid of nations, nor creating a fortress Europe: it meant drawing people together in a project of solidarity advantageous for them and also for the rest of the world.

We must propose a path for Europe, ensuring economic growth and stability, she urged. We must promote a social model that initiates great new industrial projects, and advances the progress on energy, higher education and research. Financial regulation, cooperation and development, peaceful resolution of conflicts, all must be included once more in Europe's collective ambition which needed strengthening if it was to prevail, as François Mitterrand had said.

As for transatlantic relations, Europe must claim equal partnership in the international alliance of the Left especially on questions of security, and suggest to the USA building common responses for the regulation of globalisation and a balanced sustainable economic recovery. All these goals would require a renewal of the Left's historic sense of mission to commit itself to more justice and regulation.

The world belonged to those who built it, she concluded. Within our great and numerous family, with its recent successes in individual countries, she was confident that the Left of the future had the power and determination to invent and build the world we wanted, the world that was more than ever necessary.

George Papandreou, President of the Socialist International, Prime Minister of Greece, thanked the French Socialist Party and its first secretary Martine Aubry for hosting this Council meeting in Paris, in a country so central to the SI. He greeted Pierre Mauroy who had contributed enormously, and continued to do so, to our organisation.

He thanked Aubry and others for their public support to PASOK's Yiorgos Kaminis in Athens, a candidate supported by a wide coalition of progressive, socialist and green forces who had won the mayorship of Athens after 28 years of Conservative rule.

He wished Angel Gurría a successful new term as Secretary General of the OECD and thanked him for the important role his organisation played in our collective effort for global economic recovery, development and social justice. The OECD's engagement with emerging economies had reinforced its global influence in the G20 process.

We were meeting at a crucial time, he said, with France about to assume the G20 presidency, with the US prominent but no longer unique in its power, and capital markets exploiting the weakness of state authority to reap huge profits. The crisis of 2008 and 2009 taught us that without strong public regulation and oversight the concentrated power of the markets threatened the very basis of stability, and democracy itself.

The Seoul G20 marked the start of a new sort of negotiation and possibly a new configuration of economic power among states. Many important issues would be on the agenda this year including real reform of the international monetary system and the IMF; stabilisation of commodity prices, and a democratically agreed solution to ongoing imbalances which must include labour protection, collective bargaining, women's and minority rights and protection of social safety networks. The latter must be expanded worldwide along with strategies for poverty reduction as a major framework for the G20.

Global leaders would deservedly face criticism if they did not create new global standards and ensure economic and political rights for citizens across the world. The SI had played an active part in highlighting these issues, and working with other organisations to promote our principles of democracy, social justice, and sustainable green development, principles that were in no way guaranteed without our constant defence: indeed they were in peril.

We had said repeatedly that the 2008 crisis had been caused by the lack of oversight or control of the financial system and had created huge unemployment, reinforced illegal immigration and disguised racism. In the global society we had to learn the lesson that democratic institutions must be protected from special interests, otherwise we would again face those consequences and even higher levels of government debt due to massive bank bailouts. Markets were necessary, but they must become tools, not tyrants, and used to help our economic development and serve the people.

Problems in the financial system remained; the causes of the crisis had not been properly addressed and while small businesses throughout the world were failing, the largest banks and hedge funds were recording multi-billion dollar profits. Moreover it was now claimed that we could not afford the solutions to vital issues like global warming. But this battle concerned the survival of human civilisation: either we would deal with the global challenges in a just and humane way, he warned, or we would spiral down into violence, fundamentalism and barbarism.

We in the Socialist International knew that humanity had the potential to solve these problems. We had pointed out the flaws in the global financial system; we had set up a commission with distinguished colleagues under the chairmanship of Joseph Stiglitz, we had called for tighter regulation of financial markets and for measures that would support employment, development and the people who were in real need. The crisis of 2008 had seemed like an opportunity to implement these reforms and Europe had taken steps in that direction, but European leaders seemed not to realise the power they had to create change also around the world to deal with these grave problems. One difficulty was the intervention in our democratic institutions by powerful financial corporations and other special interests who often had more money than the national budgets of individual countries. No matter how strong, no nation state on its own could deal with today's transnational problems whether it was climate

change or youth unemployment. Political leaders must think and act beyond election cycles and beyond national boundaries, he said. This was where the SI could have great impact, promoting global democratic governance and demonstrating that there is solidarity in a global movement provided we unite in our efforts. We needed to communicate, particularly to the young who were often unemployed and disenchanting with politics, that humanity is united in facing our common problems.

The Socialist International had set a global agenda based on our values and knowing that a better world was possible. We could end poverty and illiteracy, have equitable growth, empower women and minorities, and tackle global warming while stimulating growth throughout the world. We had shown through our parties in the Middle East that peace was possible in that region.

Due to the fear provoked by the financial crisis, he continued, governments today needed new sources of money for investment in development and growth. The SI had proposed a solution: a global financial transactions tax which could yield more than 400 billion Euros to further our common aims and help finance a new global regulatory architecture to guarantee growth and stability. Such a tax could also help in the problem of sovereign debt which created high interest rates for countries facing economic problems, and thus exacerbated their difficulties.

Our organisation, the largest political collective in the world, was setting an example of diverse parties all working together to tackle these common problems. We were also building bridges with other international organisations and supporting the establishment of a global economic council, under UN auspices, as suggested by the Stiglitz Commission.

We needed to act, and in a coordinated way because the markets were much faster than our democratic institutions. We had to create more efficient mechanisms to avoid the inequalities that led to imbalances. Greece had been forced to make very harsh decisions to deal with the crisis his government had inherited. Conservatives had often blamed the social welfare system. Whilst he agreed that social welfare systems must be made more efficient the real problem was the imbalances in nearly every area of society. We needed a more equitable world with economic stability based on sustainable growth, and this too could be supported by the revenue from a financial transactions tax invested in infrastructure, education and the greening of our economies. On the latter issue he gave special thanks to Ricardo Lagos and the SWS Commission. Although Copenhagen had been unsuccessful, and Cancún appeared to be at a stalemate, the SI had taken initiatives; member parties should join with grassroots movements as Greece had recently done, to showcase solutions to the problems of global warming.

With so many countries struggling to control their deficits and maintain social cohesion under brutal austerity measures, we must not lose sight of the bigger global picture, he continued. We could tackle a totality of issues if we had the political courage; in particular we must deal with the financial system which was undermining our economies and our democratic structures. We knew what needed to be done, just as we knew how to prevent the spread of cholera in Haiti; and here he expressed our full solidarity with Vice-President Victor Benoit. We must find the political will for a new agenda and new policies; we must fight the politics of fear and nationalism that conservatives were adopting. We represented the politics of solidarity and cooperation of logic and vision.

Our movement had always stood for a more humane society; we must act now and act together. We could improve people's quality of life through sustainable green development: the humanisation of globalisation. To counter the politics of fear that was infecting our democracies we must put forward a credible alternative: the politics of hope.

First main theme: WORLD ECONOMY: MAPPING OUT A SUSTAINABLE RECOVERY THAT WORKS FOR ALL

Ségolène Royal, France, PS, Vice-President of the Socialist International, gave a warm welcome to participants who represented a majority of all the diverse political parties from around the world, and yet shared the common values of the Socialist International. In a world of great violence there could be no progress without justice, she said. People expected great things of us and these shared ideals were our motivation here today.

Congratulating President George Papandreou on his recent victory she said the courage and quest for justice he had demonstrated were the values we should oblige heads of government and members of the G20 to uphold.

In recent weeks we had finally understood that today's world could no longer be governed as it had been; the geopolitical situation had changed and the South could no longer be ignored. No country could claim to be the centre of our multi-polar world. She said she would focus on two topics discussed in Seoul: the financial crisis, and the currency war between China and the USA which was a core concern affecting all our countries.

The first two G20 meetings in Washington and London, responding urgently to the financial crisis, had advocated pumping money into banks to launch recovery programmes and reduce the economic and social consequences, regulating the financial system to prevent the same errors being repeated, banning extravagant bonuses, closing down tax havens, making international finance more responsible and improving our public finances. But two years later we had austerity measures taking precedence over growth and these were being borne very unfairly; the role of the state was being reduced despite the damage to society and blind cuts to public spending were impacting growth, at least in Europe. Yet President Lula in Brazil had shown us other solutions, fighting deficit by increasing the purchasing power of the most poor, broadening the role of the state, and ensuring that decisions were made on the basis of democracy to the benefit of the least fortunate.

Right-wing governments were using the impact of the crisis to institute radical neo-liberal policies, bending to the blackmail of the financial markets and doing nothing to ensure a fairer distribution of wealth. Financial institutions that had caused the crisis were saved by massive injections of public taxpayer money and had reverted to their bad practices of huge bonuses and tax havens. With banks being considered too big to fail, one of the paradoxical effects could be an even greater concentration in the financial industry, and even bigger banks. We must recognise the challenge of this dangerous and regrettable development. With the G20, we had an historic opportunity to conduct deep reforms; this must be in our communiqué as part of the long-term struggle to create new rules to ensure that the financial industry of the 21st century would serve the general interest, the good of society, and democracy.

Concerning the currency war between China and the US and other G20 members, she pointed out that we were all individually and collectively impacted by decisions made in Beijing and Washington. China, the world's greatest exporter because of its undervalued Yuan, needed to revalue its currency; the US had recently announced a trade deficit of 44 billion dollars. Such a precarious asymmetry could continue into the future, but socialists must not accept this. She mentioned some of the heated discussions at the G20 summit concerning the choice of the dollar as reserve currency, especially from emerging countries led by Brazil.

President Obama's use of currency to stimulate the economy was understandable given his domestic situation, but for the poorest countries seeking to develop, and particularly for Africa, there was the danger of an influx of speculative capital, so it was a very unwelcome and dangerous unilateral decision taken by the US.

China could no longer count only on her exports to increase growth; her engineers and inventors were legion, and she was invested throughout the world. The Chinese President had said he was fully aware of the transition his country was involved in and he wanted to control that transition; China was facing high levels of unemployment but absorbed 22 million new job-seekers every year, so it was important not to weaken that process, but the Yuan would sooner or later need to be revalued. Consumption was growing in China and the basis for the hegemony of the US dollar had changed so we might see the end of the Bretton Woods system. As Martine Aubry had said, there would be no lasting global solution to the economic crisis without a much broader examination of an alternative to the dollar as reserve currency: a basket of currencies including the Yuan once it became convertible, and thus revalued. This subject was already on the table and must be pursued more constructively. We could not accept the rest of the world being endangered by the US and China's failure to dialogue. The outcome of our meeting here would be crucial in guiding the decisions of the G20.

Our voice must be heard in the multilateral dialogue, and our influence felt in ensuring a resolution of the impasse that would otherwise continue to endanger all our economies and our common future. Europe and Africa must speak with the same voice on behalf of the peoples of the world. For years we had urged a tax on financial transactions as part of the struggle for a fairer sharing of wealth. This, along with protection of the environment and the reform of global governance, must be included in our roadmap to ensure success at Cancún.

Luis Ayala thanked the introductory speakers and called attention to the provisional agenda for the Council which had been agreed by the Presidium at its meeting in New York. The agenda was adopted.

Milo Djukanovic, Montenegro, Leader of DPS and Prime Minister of Montenegro, said it would be nice to think the global financial crisis was behind us but in fact we were in the second phase, the phase of recovery, which was even more challenging due to its complexity, turbulence in financial markets, and the currency war. Choosing the right path would determine the problems we faced in the future. Our economies today were strongly interconnected and the effects of things such as oil prices and climate change were quickly transmitted across continents. This required us to cooperate ever more closely in the interests of the citizens who had placed their trust in us. Our job was to provide appropriate policies for long-term solutions to the deeply rooted problems we had inherited and to contribute to a fast and sustainable economic recovery.

He mentioned in passing the positive accomplishments of Montenegro in recent years, its economic and social stability, high growth-rate, low inflation, and structural reform that had led to its being now a step away from full membership of NATO. The European Commission, having evaluated its progress, had just recommended the EU Council to grant Montenegro candidate status.

In the broader context Djukanovic referred to the conclusions of the European Council stressing the importance of greater financial discipline, broader economic surveillance, better coordination and a strong crisis-management framework. He pointed to the risks we all faced: firstly the unemployment

resulting from the 30 million people across the world who had lost their jobs during the crisis, and the nearly 450 million who would be joining the labour market in the next decade. There could be no recovery from the crisis unless we achieved a significant reduction in unemployment and ensured jobs for the coming generation of workers. At the same time, new technologies required less labour so the issue of further growth was not just an economic imperative.

A second risk related to the high levels of public debt, he said. Kick-starting the economy and creating new jobs would exert pressure on jobs in public administration. We must look for ways to strengthen the private sector, which would require mutual understanding and trust, and this would take time.

The rising cost of energy was having a strong impact on the poor so it also had an important social dimension. Over 20% of the world population had no access to electricity and some 40% relied on the traditional use of biomass.

The financial crisis had clearly been a global problem, and development was impossible in a closed system. We were all convinced now of the advantages of free trade, the exchange of ideas and investments. Our policies must aim at economic stability, creating new jobs, and finding new sources of energy. But would the successful implementation of fiscal monetary policy bring about improvements in the quality of life, he asked. We must focus on radical changes to diminish the gap between social groups and develop more humane conditions. Seeking better solutions to issues that were not directly economic, such as the aging of populations, would undoubtedly have a strong economic impact.

We must invest in education, he urged. Empirical data had shown that countries that improved and extended education achieved faster development. We must encourage innovative thinking to tackle social problems, and invest in more science and research to create new jobs. He thought that with greater reliance on new technologies, it was governments, trade unions and non-profit organisations that would be the most important innovative sectors in the next quarter-century.

We must restructure public finances, he continued, and strengthen public-private cooperation so as to invest more in education and welfare support to those who needed to re-train for better jobs. We must work together to design projects especially in infrastructure so as to attract the necessary investment.

The whole global economic crisis had once again highlighted the importance of responsibility in individuals, in governments, and in the manner of tackling social issues. This was why it was so important to exchange views, examine alternatives and strengthen our cooperation as we considered the impact of the changes that lay ahead. These important reflections would contribute to further changes in the way we conducted ourselves, and the character we represented, he concluded.

Elio di Rupo, Belgium, PS, was confident that if we could build on the great work of the SI's two committees, on Climate Change and on the World Economy, we could advance very quickly. He supported the excellent recommendations already made which would take many years of hard work to implement.

Looking at Europe from his own experience, since becoming Minister of Education in 1992 and more recently leader of his party, he felt reassured to be in this united fraternity as opposed to the strong nationalist presence in Belgium. It seemed to him that because progressive forces had not succeeded in finding satisfactory solutions to the crisis, the parties of the right were seizing the advantage to pursue

their objectives. In most European countries, forced to borrow heavily, there had been drastic reductions in public spending and most of these cuts were in social services.

As socialist and social democrats, he said, we should fight the concept of maximum profit which enriched just a small minority of people and left the vast majority to face severe difficulties. Although many economists saw this concept as necessary to economic growth, he foresaw dire consequences if we did not resist it. Companies should have other goals, environmental and social goals.

Of the 27 countries in Europe, six had social democratic prime ministers and two governments belonged to coalitions which included socialist parties. Twenty-one European countries were governed by the Right, and one could see the effect on policies that were being implemented. We had all heard of the proposals for a financial transactions tax and we also knew that 30 of the largest financial institutions would distribute 104 billion dollars in bonuses to traders and others working in that field, mostly dominated by the right. We should be expressing our outrage and calling for institutional reforms, he said. We had excellent proposals and should now bring together all the progressive and left-wing movements, not just politicians but also trade unions representatives, so as to revitalise our efforts. There were Nobel prize winners and other intellectuals with new ideas who might reach more people.

The real economy was being destroyed by the financial system, he warned. We had to ensure that our children had a good education, that they had the opportunity to develop their personalities, and that they were able to find fulfilling and rewarding jobs. The current situation, with the maximisation of profit as the central aim, was absolutely unsustainable. He hoped we would refuse that concept and commit ourselves to giving meaning once more to politics, to our pursuit of peace, and a fair society allowing everyone a decent life. The Socialist International must stick to the path we had chosen and do our utmost to uphold our values.

Ousmane Tanor Dieng, Senegal, PS, said the world was still in the throes of the financial crisis; we were seeing signs of growth but they were fragile. The question was whether we were going to stick with the same economic system and risk a repeat of the crisis. Having seen the scale of the sacrifices needed to overcome it we must surely find a fairer way, and respond to this clarion call by inaugurating a new world economy based on a sustainable recovery. That economy must reflect solid achievement, not speculation and the currency and trade wars that had undermined production and employment. We had seen the dangers of economic excess and ultra-liberalism, and must now bring the economy under the control of politics.

We also had to face the challenges of the environment, biodiversity, and climate change. However sustainable recovery might be, it would not serve humanity if it was not inclusive. Each country should define a new strategy to encourage productive investment, high export sectors and employment. Particularly in Africa, he said, social inclusivity was needed and special programmes to target those who were excluded. We needed to fight against poverty especially in developing countries where people needed improved living standards, adequate food and educational opportunities. This part of our agenda was one of the utmost importance, which must be addressed through solidarity between generations and between the North and the South, he said. Africa was one area that suffered most from the fall-out of globalisation so we must define a new economic model that protected the most vulnerable, and gave them a voice in the multilateral system.

He referred to the aging populations in the North and ever younger populations in the South. This imbalance would be even greater in 2050 when nine out of ten young people would be living in the South. If this was not addressed there would be even greater tensions. If Africa was brought into the world economy it would contribute to social peace: conflicts were caused by unfair elections, and the unequal distribution of national resources. We must bear in mind our joint responsibility to provide a framework of solidarity, social justice and humanitarian values, the values of socialism, in order to bring about recovery.

In conclusion, he said many elections were to be held soon in Africa, in Côte d'Ivoire, Niger, Senegal, and Mali, and it was very important to support democracy because Africa was threatened by electoral fraud. Dynasties were being prepared with the sons of those in power being groomed to take power in the future. He urged the SI to address this matter.

Massimo D'Alema, Italy, PD, said that despite propaganda by many governments, the economic crisis was not over and its social repercussions continued to weigh heavily especially on the poorest populations of Europe, where slow growth and extremely high unemployment rates were expected. Last September, he reported, unemployment in the European Union was at 9.3% and had now reached 9.6%. Facing the financial crisis we had declared that everything must be changed but in fact we had changed very little. The neo-monetarist philosophies at the core of the crisis still prevailed. Governments, and therefore taxpayers, were paying for the errors that had been committed and now we were witnessing the restoration of the same old system, the same old financial mechanisms, and the same old lack of regulation or control.

We must recognise, he continued, that a profound political change required strong and determined political action. Our initiatives to date at the international and global level had not been adequate. They had been insufficient in Europe because people did not think we had a credible alternative to offer in the absence of a European development strategy. And on a global level, where decisions are made, the situation was equally disappointing. He therefore thought this was where the SI must concentrate its efforts at this meeting.

We should be putting across a message to progressive democratic forces also beyond our political family, to our colleagues in the United States, in the Indian Congress, in Brazil and other countries where democrats and liberals will have to be involved in the same efforts. We must act together to achieve the necessary change.

He expressed concern that Europe appeared to be looking backwards to its nation-states just when the capacities of the European Union were most needed. Europe could be totally marginalised unless we, the progressive forces, took a firm lead in a process of re-industrialisation and strengthening our political and financial institutions. We must assert that without a European strategy for growth and employment, even a common currency could not prevent that decline. The only way to reconcile capitalist development and social justice, he said, was for democratic institutions to regulate the economy. We needed a new international architecture, a global regulatory system to reduce the imbalances between a globalised economy and the inadequacy of the former nation-states. The problem of regulation was not a technical issue, he continued, it was a fundamental problem of democracy. The world financial system had become a power unaccountable to any democratic force and the result was this crisis, this democratic vacuum.

One of the most basic reasons for the crisis was the growing gap between middle and working classes, for whom earnings had remained more or less stationary, and the rich who, under the predominance of right-wing parties had benefited increasingly from capital investment. As socialists we must tackle the issue of intolerable inequalities between rich and poor countries as well as between rich and poor within rich countries, especially in Europe. This was not solely a matter of justice but also of economics: we could not have growth without greater social equality. With more than 100 million people unemployed, what would be the future of the young, he asked. We needed to create 400 million new jobs and although the ILO had declared a global pact for employment this issue was not at the core of the search for solutions in the post-crisis period.

We must insist on a fair tax system, not simply increasing taxes but taxing labour less and business more so as to encourage the creation of jobs. The tax on international financial transactions would lead to a reduction of imbalances between earned income and income from investments, and that would speed growth and development and also green growth.

Finally, he said, new growth would depend on innovation, scientific research and new technologies, instead of on the low cost of labour and the exploitation of workers in the old system. Capitalism was not going to disappear, but nor was globalisation. Progress had been achieved in previous decades at the expense of social justice, but now we faced the same challenges throughout the world. We needed a democratic policy to reduce inequalities and establish a more just and fair society, a form of globalisation based on the human being.

Vuk Jeremic, Serbia, Democratic Party, DS, Foreign Minister of Serbia, recalled Willy Brandt having spoken of the indivisibility of aspirations for social justice at home and abroad; social democracy was about finding the right way to apply moral laws not only between citizens but also between states, and he concluded that a durable system of peace required equal development and opportunities for all nations. Forty years after that legendary Nobel Peace Prize speech we appeared to be facing very similar challenges. Now with the global economic crisis one should conclude that the concerns of the most vulnerable must be addressed much more seriously, and for the recovery to be effective it must be equitable and sustainable. Ordinary citizens throughout the world must benefit and greater emphasis must be directed to accelerating growth in developing countries. If the global economy's interdependence is increasing then so must solidarity. Otherwise poorer countries would be unable to generate the balanced growth needed to maintain global financial stability.

The G20 summit had shown some intention to increase solidarity with the rest of the world, and the emphasis on normalising domestic savings to build infrastructure deserved commendation; it should replace the old laissez-faire free-market Washington consensus. The IMF modernisation package was also praiseworthy, he said, and the adoption of the Basle 3 regulations which would discourage the type of speculation that had contributed to the 2008 crisis.

Unfortunately more progressive proposals had not been adopted, but the IMF had been given a mandate to put suggestions to the next summit in France. There had also been a lack of consensus on holding too-big-to-fail banks to a higher percentage of reserve capital. This was a critical issue that we should push for adoption as soon as possible; and the least developed countries should be offered duty-free and quota-free access to their markets as had been proposed in a preliminary draft but, sadly, left out of the final version.

Turning to another measure adopted at the G20 summit, he said that as the lead advocate of the stringent anti-corruption measures, Serbia had welcomed the G20's recognition of the special responsibility to tackle organised crime. This transnational dark side of globalisation posed a great danger to stability and prosperity in many parts of the world. In his part of Europe this issue not only impeded economic growth and development but was also an obstacle to their membership in the European Union.

In conclusion he wished to focus on that question which was a central strategic priority for Serbia and the Democratic Party. In these difficult economic times, many EU members preferred to delay the Union's enlargement in the Balkans. He appealed to sister parties in the SI to reaffirm their solidarity with this region after the terrible decade of civil wars. The countries of the Western Balkans had focused on recovery and reconciliation for the last ten years and, thanks in part to his party, relations throughout the region had never been better. Acknowledging the Union's own challenges he emphasised that his region remained committed to emulating the EU, having absorbed its values and culture. Like the EU, the region was evolving. They trusted that the EU would remain true to its word that all who lived in what was now called the Western Balkans would become citizens of the EU. If not, it would be a geographical, historical and cultural aberration, he said.

He hoped that as the new institutions of the Union took further shape there would be an increased communication from and with the EU, and that its famous solidarity towards its candidates and aspirants would continue in the years ahead.

Luis Ayala announced a pause in this debate as he introduced the Honorary President of the Socialist International, and former SI President from whom he had learned so much, who would now give some personal reflections on the challenges to socialism today.

Pierre Mauroy, France, PS, President of the Jean Jaurès Foundation, referred to one particular part of a beautiful speech made by Jean Jaurès in which he drew the boundaries between conservative and progressive ideals. Those words were from 100 years ago, but could have been spoken yesterday, he said. We socialists had made great progress and faced many threats but the flame lit by Jean Jaurès was still burning and we were here to keep that flame alive.

He congratulated George Papandreou on his brilliant electoral victory and thanked him for carrying on the struggle for social democracy in Europe during more than 20 years. He thanked Martine Aubry and Ségolène Royal for their energetic efforts, and he congratulated all who were working in their different countries and parties to convey our message, the message of socialism, which was still a new idea in and for the world.

He was aware of the difficulties and paradoxes faced by social democracy: on the one hand the victory of 1989 with the fall of the Berlin Wall and then in 2008 the worst economic crisis since 1929. Socialism must come up with urgent solutions against liberalism, especially financial liberalism, he said.

The election of President Lula in Brazil had been a great victory, and he had shown that a country could be governed by socialist principles without losing popular support. But in the United States, after such optimism at the election of Barack Obama, the Democrats had suffered their worst failure in perhaps 50 years. In Europe more than 20 governments were now led by conservatives when a few years ago 12

out of the then 15 important countries had elected social democrats. It was as if these social democrats had been unable to translate the ideological victory of 1989 into electoral victories. Billions of people still suffered from poverty, and inequalities between and within countries continued to grow because the cynicism of financial capitalism had no limits: it was up to socialists to cut its head off.

We must not only talk about our good will, he continued, we must lean on the strength of socialism in the past: our ability to adapt to changes. One hundred years ago we had successfully fought for the dignity of workers crushed by the industrial revolution; fifty years ago we had successfully fought for the welfare state in Europe, and for democracy throughout the world. After the fall of the Berlin Wall the struggle had continued, making the SI a truly international movement, bringing it to eastern and central Europe, to Africa and to South-East Asia and the billions of people who lived there.

Millions of militants had joined the SI and made it the largest political movement in the world, carrying the torch of social democracy and continuing our struggle. We must overcome the crisis of social democracy and renew our ideals in a changing world. We must bring a new model for development, more ecological and less financial, more peaceful and less violent, based on more freedom and democracy. Renewal was afoot everywhere and was absolutely necessary. Moreover we must bring globalised solutions: there were no geographical borders in a globalised economic and financial system.

In concluding, he told participants the future was theirs if they could come together and act together: the socialist light would flood the world if they were able to work side by side with and for each other.

The first session was declared closed.

Second session, afternoon

THE WORLD ECONOMY: MAPPING OUT A SUSTAINABLE RECOVERY THAT WORKS FOR ALL - continued

Antolín Sánchez Presedo, Spain, PSOE, member of the SI Commission on Global Financial Issues, brought warm greetings from his party and its Secretary General José Luis Rodríguez Zapatero to George Papandreou, Luis Ayala and to the SI colleagues and to our hosts the French Socialist Party.

Concerning the world economic situation, he doubted that we were in the post-crisis period, although we might be in the post-recession period: the recovery was extremely fragile and we might still fall back into recession. In view of this fragility we needed a strong and sustainable recovery.

He saw two possible avenues of pursuit. We had made some progress in reforming the financial system and repairing the damage. For the first time we had a European agency with macro- and micro-supervisory responsibility, but we had not yet implemented the Basle reforms. But reforming and repairing the financial system was not enough: chronic issues were involved. Ever since Bretton Woods, he said, there had been recurrent financial crises leading to social consequences and also the issue of sovereign debt. Therefore we needed to put in place a new financial system, based on an international monetary system. In Seoul this was acknowledged to be very difficult but also essential if we wanted to keep an open and sustainable economy. This then was one of the greater challenges we had to face. We needed rules to ensure that the financial system was closer to the real economy, so that any imbalances within or between countries were resolved. We must look at the results of our reforms and ensure that

they provided a situation where everyone would benefit, otherwise the only way some people would progress would be at the expense of others.

We had also to face increasing environmental problems and different demographic phenomena such as aging populations in Europe. In the past we had come up with systems of public support like the social compact and the welfare state; now we needed a global social compact for the 21st century. Spanish socialists, he continued, felt we must work on two fronts: correcting the financial system, and ensuring global governance. Our citizens must have stability, growth, equity and sustainability. Rules must be clear, stable and reliable: any necessary intervention must be coordinated between the two sides of the Atlantic. Cooperation was needed between countries to provide security for our citizens and the possibility to succeed. Conservatives were wrong when they said more wealth must be created before it was shared: we must share in order to create more wealth for all.

We needed policies to ensure redistribution of wealth, he said, pointing to the example of Brazil where people were getting a decent wage; we needed open trade policies as through the Doha negotiations; and we must achieve the MDGs and ensure that our governments contributed resources for worldwide development. He recommended the SI's agreement on an international financial transactions tax.

We must make commitments to improve the environment, and see that the Cancun summit was not just an expression of good intentions.

Concerning governance, he said we live in a multi-polar world, very different from that of previous centuries. It could provide more opportunities but would require a new form of multilateralism. The EU was trying to create a true union with an economic and a monetary pillar, in order to act globally, not just locally.

In conclusion, he said that the G20 was no panacea but it was a good opportunity to achieve international cooperation within the framework of the United Nations. This was the work socialists had to do, a tremendous task, but something we could achieve in the 21st century which he saw as the century of socialism.

Luis Ayala informed the meeting that Eero Heinäluoma, SI Vice-President from Finland, had been appointed rapporteur of our Commission on Global Financial Issues and tomorrow he would introduce a draft statement that he and other members had put together for debate by the Council.

Fatallah Oualalou, Morocco, USFP, member of the SI Commission on Global Financial Issues, thanked the leaders of the French Socialist Party for inviting us to meet here in Paris, a city which for his party symbolised the values of change.

Speaking as a member of the Financial Commission he said that under the leadership of President Papandreou, and thanks to the work of economist Josef Stiglitz, the SI had come up with real solutions to managing the consequences of the crisis.

He congratulated President Papandreou and his party both on their strength in overcoming the financial crisis they had inherited from the Right, and also on the courage and maturity shown by the Greek people in recent elections in resisting the actions of the Right.

Oualalou expressed support to colleagues in Portugal and Spain who had carried out a successful policy to reform and counter the results of the crisis in their countries.

He thought it was good to be able to link these three different themes of our agenda: the global economic crisis of 2008-2009, climate change post-Copenhagen, and conflict resolution. He saw these three issues as organically linked at a humanitarian level because the world we now lived in was interlinked and we were facing crises and conflicts which threatened peace and security and the development of our people.

The Seoul G20 meeting with its modest results had shown the predominance of the G20 Group, the United States and China, and the absence of a clear commitment to reducing the imbalances linked to the crisis. The IMF had been tasked with evaluating the shortcomings and the excesses of the various parties, but this task should not distract the international community from facing up to the profound inequalities that existed in the world and would lead to continuing poverty especially in Africa. In this context it was necessary to measure the progress towards achieving the MDGs, reducing the debt of the most-indebted countries, and establishing development policies which aimed at more equality.

His party was calling for stronger regional cooperation in order to manage the crisis both short- and long-term and to achieve sustainable development based on peace, renewable energy, and the protection of the environment. To this end they would continue working towards a Maghreb solidarity programme for peace, security and development.

After the conclusion of the Seoul summit we were now in a period of great uncertainty, he continued. The crisis had hit industrialised countries first but was still having a negative impact on developing countries who faced multiple challenges, needing to stimulate their economies but at the same time having to respond to the legitimate demands of the most vulnerable social strata. Some countries in Asia and Latin America had weathered the crisis, but others, especially in Africa, were still seeking solutions. Morocco had managed to mitigate the impact of rising energy prices but was facing regional challenges from the negative impact on its Maghreb programmes and the opportunities for solidarity with other African countries. There were many projects related to health, agriculture, drinking water and infrastructure that were being pursued in the fight against poverty in Africa.

In conclusion he said we socialists knew we must find the necessary tools and solutions to create a more just, more balanced world economy. We must fight against excess surpluses, and reform the WTO, the UN and Bretton Woods institutions, to make them more democratic. We should remember the SI Financial Commission's proposals for stimulation policies to give more aid to developing countries, especially the poorest ones. Our multi-polar system must move towards the creation of a new world economy to fight poverty, make allies of women, and place a high priority on protecting the environment.

Adrian Nastase, Romania, PSD, said our problem today was to question whether our answers to the global crisis should be the same as they were two years ago or whether we had to come up with new solutions. It was important to recognise how the disease had expanded from the United States and that one of the most dangerous effects in other countries had been the crisis of confidence which had had a snowball effect in terms of investments, consumption and political stability. Some more powerful and stable countries had concentrated on monetary policies; others less rich in resources had concentrated

on tight fiscal policies. It was very clear that after losing more than 30 million jobs in Europe we were now in a situation in which the divide in Europe was creating also political divisions.

There was of course a negative side to the economic stimulus: OECD countries' budget deficits had increased 1.5% of the GDP in 2007 to approximately 9% in 2009, and public debt at approximately 100% of GDP was the highest level recorded in 50 years. Globally the budget deficit had increased from 0.3% of GDP in 2007 to 6.7% in 2009.

The positive side was that the global economy had been re-launched and there were forecasts of an economic growth of 4.8% in 2010.

There were three things that should concern us, he continued: the high increase in public debt; the impossibility of preventing bankers investing the stimulus in risky assets, New York bonuses having reached record levels in recent months; and currency depreciation, or dumping, as a way out of the crisis which was practised by some developed countries.

Our policies needed to be ready in time in order to secure macro-economic stability, which was closely linked to political stability and social peace. These were the three pillars that could contribute to development.

Another essential was efficient monetary policies by means of financial regulating instruments. We must continue to fight for global regulation of financial capitalism.

Lastly, he said, we must immunise our economies against future shocks by promoting sustainable growth policies, structural reforms, a decrease in labour taxes and the stimulation of entrepreneurship: a massive investment in research, development, innovation and human capital. We were here to learn from each other and in Romania they had tried to prepare an alternative programme for when they came to power, when they would introduce a new agenda with the best formula for the restoration of confidence and for economic recovery.

Alfred Gusenbauer, Austria, SPÖ, member of the SI Commission on Global Financial Issues, said that some people recommended we should all copy the German model of very successful exports and competitive industries to create a surplus in all our balances. This he considered great advice if we could export to the various planets, but so long as we were restricted to our planet, there were enormous exports and enormous supply, but there had also to be demand. Traditionally demand came from material and human development, and from the destructions of war and natural catastrophes. We surely wanted to avoid the latter so we must depend on material and human development. The disaster of neo-liberalism was that it created the illusion that capital could create capital without any basis in the real world and the real economy. If we got back to reality, he said, the question of human development was very much interlinked with people's capacity to purchase goods and have a better life, and with the states' capacity to provide public goods such as healthcare, education, security and a better environment. So one of the most elemental questions in addressing the huge imbalances in the world economy was how to enable more people, more governments, and more regions to develop. This was central to social democratic thinking because we were at the key question of social justice and more equal distribution. It was now more evident than ever that there is a direct correlation between economic success and social justice and the economically useful exercise was to dedicate the means to those who were in desperate need.

There was no automatic change of direction after any particular ideology brought disaster: only parties, trade unions and movements could make that change. Thus there would be no automatic swing to the democratic Left after the disaster of neo-liberalism unless we made that case. We had to be crystal clear and understand that the Right was not completely stupid and would adopt some centre-left rhetoric so as to appear to be moving to the centre, even as they maintained their austerity programmes and neo-liberal policies. At least they were trying to create that impression.

In the face of such a challenge, Gusenbauer continued, democratic socialism could only survive and be attractive if our message was very clear. It was not only a question of morals, nor only of politics, but of the economy being more justly based on equal distribution than it had been. Our message had to be implemented at every level, in national consolidation programmes, in proposals for further integration of the EU, and in the proposals we were putting forward in our document on global economic governance. Only if we made our case clear would we be able to win that battle, he concluded.

Pia Locatelli, SIW President, ex-officio SI Vice-President, congratulated George Papandreou on his well deserved success, saying we were proud to have him as President of the SI. She mentioned the recent good news that Aung San Suu Kyi had been freed from house arrest and sent her our best wishes; and further good news that Michelle Bachelet, former President of Chile and Vice-President of SI Women had been appointed to head the new UN body for the promotion of women's rights and their global participation.

SI Women, she reported, had met two days previously in the very home of the Socialist Party, a sign of their close solidarity and friendship. The meeting had been attended by delegates from 42 countries and addressed the topic of the global financial crisis and its impact on the poor. They had come up with some proposals from the perspective of women for a fair solution. We all knew that the financial crisis had escalated into an economic and social crisis that put pressure on regulating the markets and, especially for socialists, on defining a new socio-economic development model that had employment and sustainable growth at its core. The crisis had at first hit sectors in which men were predominantly employed, but then had impacted more vulnerable areas such as public services in which 80% were female workers. The reduction of social services meant an increase in the unpaid care work done by women both in developed and developing countries and this had a very harsh effect on their lives. Moreover a conservative backlash against women's rights was aggravating the situation especially for women who suffered discrimination as migrants, single mothers, poorly educated or illiterate women, indigenous women, women in rural areas and lesbian and trans-sexual women.

She summarised the SI Women's resolution which urged governments, especially those led by socialists and SI member parties, to propose an alternative model of development that would create a more inclusive, more accountable and more democratic international system, and to push for sound economic governance that would go beyond financial mechanisms and benefit everyone.

They wanted a financial transactions tax that would be used to reduce inequality, starting with gender equality, also in the framework of the MDGs; and they urged recognition of a human-rights-based approach in all policies, because this crisis must not be used as an excuse to put aside efforts for human rights.

Finally, she said, gender equality was a driving force for social and economic development. Women were not passive subjects but actors in defining and implementing macro-economic policies and

creating wealth; they were a resource. In this connection she expressed solidarity with Mona Sahlin, who had just resigned as leader of the Swedish Social Democratic Party having been unreasonably blamed for the party's defeat in national elections. Mona Sahlin had her admiration, her sisterhood and her affection.

Luis Ayala then welcomed the new leader from our member party in Turkey, who was participating in a Council meeting for the first time.

Kemal Kilicdaroglu, Turkey, CHP, brought greetings from the Republican People's Party. He thanked the introductory speakers who had described so well the economic situation the world was in today. Our meeting was taking place at a time of great flux and vulnerability so our discussions and the final documents were of great importance. The world economy had been in crisis since 2007 and still was feeling the fallout. Some emerging economies had regained their previous situation but in the US and other developed countries recovery was quite weak and expectations not very optimistic.

Since it began in 2007 in the United States the financial crisis had caused a break between financial markets and production. We were still feeling the repercussions and apart from China, the currencies of many countries had become increasingly volatile. The US's injection of 600 billion dollars to ease their situation might not be successful and financial volatility had made many countries increasingly dependent on exports.

Turkey, he continued, had already had a foreign trade deficit and the crisis had led to increased unemployment. Chaotic financial flows were preventing the creation of new jobs in other emerging countries too, and even in some developed countries. The SI must recognise the extent to which unemployment and poverty were threats to the world as a whole and to democracy in particular. In spite of its increasing debt Turkey had tried to address these issues but over the past 10 years had experienced negative political trends. Their farmers, pensioners and other workers had paid the cost of the crisis. Global competition had increased poverty and the welfare state had retreated. The social spending that did occur was not based on needs but on political considerations. Of the 40 billion dollars invested in unemployment insurance, he reported, only 2 billion had actually gone to the unemployed.

Reform of the social security system was needed, with investment in education, women's employment, and a rebuilt welfare state, but of course we lived in a world where nobody wanted to lose their commercial monopolies. He saw protectionism as one danger and said all stakeholders should make concessions to ensure the world economy got back on track towards growth. We must focus on social and environmental problems, and support domestic demand. We needed new policies in favour of social rights to fight against working conditions that were sometimes akin to slavery. All these were socialist ideals that we must uphold when we came to power. This was a very important meeting, he concluded: we must shoulder our great historical responsibilities as we work for a peaceful and environmentally friendly future.

Leif Pagrotsky, Sweden, SAP, congratulated the SI on holding this debate among social democrats from so many parts of the world on this truly global issue and at this very important juncture in international economic relations. Now well into the fourth year of the financial crisis we had to state that the repercussions were still enormous and recovery was disappointing. Growth had resumed thanks in part

to China's expansionary policies but high unemployment rates persisted in Europe and North America, and Europe's role on the global stage was becoming less and less important. Few lessons appeared to have been learned.

As Ségolène Royal had pointed out, bonuses paid by banks had not been curbed but were now more enormous than ever before. Very little supervision of banks was in place as they became even bigger and more concentrated. The slow pace of progress in Europe was especially disappointing, but even more disappointing was the consequent unemployment that led to deficits and cuts in public expenditure. These inflationary policies alone could not lead to growth and employment. Where tightening was necessary it must be combined with expansionist demand in countries which had room to manoeuvre: it was not possible for a large closed economy like western Europe to deflate itself out of unemployment and stagnation.

We now knew that Europe's decline on the global stage would continue in the coming years. For social democrats this was deplorable because the EU today was one of the few forces that could argue for open trade, human rights in the workplace, action on climate change and the environment, and other areas so important to social democrats across the world.

For him, he said in conclusion, the biggest disappointment was that parties of the Left had been unable to offer voters alternatives they could trust. Instead, the crisis of capitalism had led to a move to the Right; instead of being a boost towards the Left the crisis had produced a stronger conservative movement in Europe. This was one reason why the SI was needed now more than ever.

Christoph Zöpel, Germany, SPD, Chair of the SI Committee on Economic Policy, Labour and National Resources, said he wished just to underline what he had said in the New York Council meeting as reported in the minutes.

He did not think the crisis was global, but rather a crisis of the United States, of Europe and of states that depended on those two. In New York he had pointed to India and to China where there was no crisis, and this was true for the majority of people in the world.

Could we in the so-called West resolve our problems, he asked. He doubted it, because we had no clear impression of what to do. We were proud of what our President had achieved in Greece but we could not be happy about the chances for his party's re-election. His party had had to implement austerity policies and we knew from the other European countries that in this crisis, speculation and neo-liberalism had successfully destroyed Keynesian policy. This was the reality. The European Left had no really helpful answer, nor did leftist economists in the US who were still in favour of additional stimulus.

Concerning China, he said this was not the place to discuss its unacceptable human rights policy, but China with its huge population of 1.3 billion needed to export more than for instance Germany which in the long run was exporting too much.

Clearly Europe was losing influence, and as 10% of mankind, or a bit more with the United States, it was not clear why we should expect to be more influential than the rest of humanity. If the economic power of China and India were to increase very quickly, Europe and the US could export more; we were dependent on rapid economic development in that part of the world.

It had not been possible to have a clear assessment immediately following Seoul, he continued, but we had to consider what social democratic and especially social policy meant in a world where the nation-state was losing power. We had to clarify what a welfare state would mean in a global dimension for the billions of workers in the informal sector, 80% of whom were not protected at all by the state, rather than what it meant in a European country.

His Committee had been able to prepare some ideas on what a global welfare state might be, and the Council would get the draft the following day, but this was what was needed: to see what we could do to overcome the situation in which the majority of workers worldwide were not socially protected. But it was more difficult to implement social democratic thinking at a global level than before. It was not that we were stupid, he said, but that the liberals were stronger and richer; the rich had again profited and the poor had not. This was the reality now two years after the start of the crisis.

Sergio Bitar, Chile, PPD, thanked the SI and the French Socialist Party for their hospitality. On behalf of the three member parties from Chile he said they were working together in opposition to the present rightist government. They had established a healthier financial situation but had then been struck by the earthquake.

Concerning the G20, he said, the SI must focus on the more than 170 countries that were not included in the group. We must strengthen our call for better regulation of the international financial system, and for reform of the IMF, the World Bank, and the UN. We needed international cooperation on policies for development, health, education, science and technology. Our role could be very important for emerging countries in ensuring that the G20 honoured its commitments in support of social justice and economic development.

In Chile the three parties were united in facing the challenge of upcoming elections in 2012 and 2013. They had to lead their battle under the flag of progressive ideas, but were facing a similar situation to the French party in that the rightist governing party was concentrating power in its own hands and taking it away from the people. The challenge now was to eliminate barriers to equality; support green, sustainable, diversified development; and continue their policy of reforms.

In the past 20 years, he continued, they had succeeded in carrying out several transformations that had been one of the greatest success stories. President Lagos had played an essential role working for justice and negotiating free-trade agreements; and they had struggled for social development under President Bachelet, the first female president of Chile, whom he congratulated on her new position within the United Nations.

It was necessary today to understand the dynamics of development which tended to concentrate riches in the hands of the few; and in economic development there was currently a tension between China and the United States. The price of raw materials was increasing. Our economies were drawing natural resources towards those countries that needed them and had greater industrial development. We must invest more in innovation, science and technology, he said. We must try and re-establish a balance between China and the US in order to provide space for the emerging countries to develop.

We had not done everything we could to empower the local and regional levels; we must ensure the involvement of more young people in the electoral process; and we must organise primaries for choosing our electoral candidates.

Finally, all the strength of the progressive coalition in Chile must be brought to bear so they would win the 2013 presidential election, and this would require a very strong message, different from the parties of the Right who also claimed to be progressive. For this the coalition was counting on greater participation and support in the debate in Latin America and worldwide. A new paradigm was essential, otherwise it would be impossible to bring the benefits of development to all their citizens.

Referring to what Martine Aubry had said earlier, if we wanted the Left to win in tomorrow's world then we needed to create global democratic governance: that was fundamental to our winning elections. In conclusion, he said the progressive coalition in Chile had achieved tremendous progress over those 20 years but that was not enough: now they must return to power.

Luis Ayala said it was clear that China played a very crucial role in the global economy, and he was therefore especially pleased to introduce Vice-Minister Jieyi Liu from the Communist Party of China who had accepted the SI's invitation to participate in this meeting.

Jieyi Liu, China, Communist Party, said it gave him great pleasure to attend this important conference to discuss pressing global issues with Socialist International member parties.

The world economy might be on track to recovery but the impact of the financial crisis was not fully behind us. Unemployment remained high, economic growth lacked stamina, and the recovery faced uncertainties. It was our common task, he said, to build on what had been achieved and work towards strong, sustained and balanced growth. First, all countries, especially major economies, needed to demonstrate solidarity, and strengthen coordination and macro-economic policies that were conducive to global recovery. This would send a strong signal of unity which is what was needed to consolidate the momentum of world economic recovery.

Secondly, we should work towards a better representation of emerging and developing countries in international financial institutions, strengthening the regulation of the international financial market to ensure financial stability and economic development.

Thirdly, we should give priority to the development agenda of the United Nations' MDGs, and ensure better implementation. To this end, more capital development assistance technological support, and market access for developing countries was essential.

Fourthly, we should oppose protectionism because policies that hindered free trade and investment served no one's long-term interests. Major parties in the Doha round of talks should demonstrate their sincerity and flexibility and deliver comprehensive and balanced results.

Turning to China, he said the Central Committee of his party had proposed guidelines for formulating the 12th five-year programme for China's economic and social development. These called for faster transformation of China's economic development pattern; greater reforms, higher living standards, and achieving long-term steady and relatively fast growth of the economy as well as social harmony and stability. These objectives were not only in line with China's development needs but also in the interests of the global community.

He highlighted some salient features of those guidelines which included promoting domestic consumption by quickening the pace of income distribution; improving rural/urban and regional integration to foster internal demand, and enhancing investment, employment opportunities and the wellbeing of the people.

Demand from China would generate huge investment needs and a vast consumption market which would contribute to strong and sustainable growth in the global economy as well as to China's economic re-structuring and stable growth.

Another element would be the building of an energy-saving, environment-friendly society using advanced technologies and green, low-carbon, recycling methods.

In recent years, he said, many small coal-burning power plants with a total capacity of 60,000 megawatts had been closed down, as had many iron, steel and cement plants, totaling a production capacity of 356 million tons. He mentioned other efforts to drastically reduce energy intensity, control greenhouse gas emissions and increase forest coverage. China's commitment to low-carbon, green, sustainable development not only elevated the quality of its economic growth but also served the interests of the world, addressing climate change, and providing opportunities for more international cooperation on those issues.

A third commitment was to ensure that economic development benefited all the people. The party's governing philosophy of putting people first had led to 200 million being lifted out of poverty, but there were still imbalances and a widening income gap. China would continue to strive for improvements in employment policies, labour productivity, social provisions, and household income levels. These efforts would have wider implications for development, and poverty-reduction generally.

Finally, he said, China would further open up and seek common developments with other countries, moving from mainly exports and foreign investments to a greater balance. They would continue to optimise their trade structures and further improve the environment for investments; they would accelerate overseas investments and cooperation to expand the common interest with other countries and achieve development for all.

Since 2004 when the mechanism for strategic dialogue with the Socialist International had been established, they had conducted effective exchanges on a whole range of issues of mutual concern. His party stood ready to strengthen this dialogue on concrete issues, common challenges, and sustainable development so as to positively contribute to peace, development, and cooperation in the world.

Luis Ayala, thanking the Vice-Minister, said his words were also relevant to the work of the Commission on Climate Change.

Carlos Vieira da Cunha, Brazil, PDT, SI Vice-President, said these Council meetings were a special opportunity to join in reasserting our ideals, and reinvigorating our efforts to make a better world, a more fraternal and humane world. It was no easy task to make citizens across the world aware of the importance of living in peace and harmony, respecting each other's history and culture, and enhancing the bonds of democracy and freedom.

On this day, November 15 in 1889, Brazil had been proclaimed a Republic, and now for the first time a woman, Dilma Rousseff, had been elected President; backed by a 10-party coalition, the Workers' Party candidate having received about 56 million votes. So Brazilians were celebrating that after eight years of President Lula's government the people had chosen to maintain an administration supported by more than 80% of the population. No doubt the incumbent's support had helped Dilma Rousseff, he said, but we must pay tribute to her own merits: having fought the Brazilian military government in the late '60s, she had been captured in 1970 and tortured in prison. As soon as democracy was restored in the early '80s she had helped to found the PDT along with Leonel Brizola, former Vice-President of the SI who had died in 2004. She had served in Labour administration in southern Brazil especially finances and energy, and as a member of the Workers' Party had joined Lula's government in 2003, had been Energy Minister and then Chief of Staff, an important and strategic post. Her remarkable administrative skills had led President Lula to appoint her to succeed him and this had been the right choice, he said.

Brazil was very proud of the social advances of the last decade, and in this connection he thanked the many speakers who had recognised this in their speeches. The international community could be sure that Dilma Rousseff would keep Brazil on the path of social justice. Twenty-eight million Brazilians had been lifted out of poverty and 36 million had climbed up the social ladder to become part of the middle class, now the most numerous social class in the country. After Lula's eight years in power, there were nearly 50 million more jobs in the formal economy, the minimum salary for a 44-hour working week was approximately \$300 US per month, and the average wage for a Brazilian worker was now around \$900 US per month. These were considerable improvements. Brazil was still not the country of their dreams: improvements were needed in the housing system, in education, in combating crime and violence, but they were on the right track and he was confident that the unacceptable social disparities would soon be confined to history.

In concluding he said that the main commitment of the President Elect's campaign had been to eradicate extreme poverty in Brazil. President Dilma would have full support to overcome those rude social inequalities that prevented Brazil being a developed nation, for the good of the Brazilian people, for justice and for social peace.

Luis Ayala then proposed returning to the theme of the economy later on as some of the speakers on climate change needed to leave soon; this was agreed.

Second main theme: FACING THE CONSEQUENCES OF CLIMATE CHANGE; THE URGENT NEED FOR A MEANINGFUL AGREEMENT AT COP16

Ricardo Lagos, co-Chair of the SI Commission for a Sustainable World Society, said he believed the commission had done very effective work with respect to the Copenhagen meeting which frankly had been disappointing. His proposals would therefore be very concrete concerning the challenges to be taken up in Cancún.

Firstly, we must stress again that climate change is a scientific reality, a consequence of the industrial revolution and created by human beings. This was essential because there were conservative people who claimed that it was a cyclical phenomenon that had occurred throughout history. Whilst it was true there had been cycles of warming and cooling, they had taken place over thousands of years unlike the

clearly defined phenomenon that began with the burning of coal, gas and oil, the fossil fuels from the centre of the Earth. And yet there were still powerful and influential politicians who denied these fundamental facts. So here in the SI we must repeat again that those people were denying scientific evidence simply because they wanted to maintain the status quo. This was the challenge we were facing.

In Cancún what would be at stake was the effectiveness of the UN system: we needed a renewed version of the Kyoto Protocol. Although progress in Copenhagen had been small, three things had been agreed: to come up with 100 billion dollars between 2010 and 2020; the need to find renewable sources of energy, reforestation being one way of converting climate change; and that both developed and developing countries must adopt common objectives to reduce greenhouse gas emissions. He considered it essential that in Cancún international monitoring and surveillance should be accepted for all. It was one thing to undertake to do something, and another thing to carry it out. We should all accept verification of our commitments.

If we wanted to be credible in Cancún, he continued, we had to make concrete progress in specific areas. We could not accept what had happened with the 10 billion dollars in 2010 where some developed countries had made bilateral agreements with other countries to combat climate change: we must insist on a clear process for multilateral administration of those funds. While donor countries should have some say in where the money went, bilateral agreements undermined the multilateral system which was the essence of global governance fundamental to socialist thinking throughout history. This could not be achieved if the rules were imposed by the most powerful countries of the world.

Progress on reforestation was essential, he said. There were resources and funds, so long as countries responsible for deforestation were committed. We had to reach a concrete agreement with economic incentives for reforestation.

Agreement on these two concrete goals was crucial in Cancún: either we would all participate in a post-Kyoto Protocol or there would be various climate-change measures and new forms of protectionism with some countries imposing their viewpoints on others.

The benefits of sustainable development, growth that was sustainable over time and that could be achieved with the enormous potential of today's technologies, was indispensable. But it would depend on how we developed, and this was where we should go back to our roots, he urged. The market was very useful but could never be the soul, the soul in every citizen defining public policy. Per capita emissions in the United States were roughly three times as great as those in Europe where the standard of living was very similar. The type of society we build was linked to the quantity of emissions. If we wanted sustainable development we must have public policies defined by our governments. These decisions were a major challenge for emerging countries, and a challenge that went to the very heart of our SI principles. Sustainable development was possible only through policies that were clearly defined by our citizens, not by the market.

The opportunities and the challenges were clear, he said. In the 20th century, countries were often compared according to their per capita income. The 21st century should be the century of the green paradigm and countries should be compared according to their per capita emissions. Every region needed to reduce their emissions but in fact emissions were still growing. In this meeting we had been

discussing the financial crisis, but no one had suggested that the banks could solve it. Everyone knew there had to be a political solution through political leaders.

His suggestion for a clear statement by the SI Council would have five affirmations: humans were responsible for global warming; we must ensure the credibility of the UN system and come up with a post-Kyoto Agreement; we must have two or three concrete agreements in Cancún in order to prepare for the next round in South Africa; we must achieve sustainable long-term development which required public policies defined by governments; and the nature of our societies must be defined democratically with public goods made available to all, and citizens able to express themselves democratically. That must be the very core of what we advocate when we speak of global governance.

In speaking of the failure of the financial markets and the need to restore our policies, we must insist that the SI believes in fundamental democratic values in connection also with climate change. We believe that the future cannot be left to the market which is unjust and cruel. We must see to it that our citizens' democratically expressed voices are heard.

Luis Ayala said the work of the Commission had continued since the meetings organised in Africa, Asia, Latin America and Europe and the report that had been presented before Copenhagen. The Commission would meet just before the opening of the COP16 in Cancún where our message would be transmitted.

He then welcomed Mrs Nkosazana Clarice Dlamini Zuma, a member of the Commission who had travelled from South Africa to attend. She was formerly Foreign Minister and now Minister of the Interior and had been very committed to our work during the last three years.

Dlamini Zuma, South Africa, ANC, said the 2010 UN Development Programme had cited evidence that the world's current production and consumption were environmentally unsustainable. Referring specifically to climate change the report had acknowledged that international agreements had been difficult to achieve; policy responses were slow; and climate change could derail human development, significantly affect sea levels and weather patterns, and possibly also human settlements and agriculture; all of which underlined what our Commission leader had said.

In 2009, she continued, our Commission had called on world leaders to use the global financial crisis to chart a permanent sustainable course for green development that would not only reduce emissions and better prepare for the impact of climate change, but also establish a fairer world in which markets served the people and not the other way around.

The Commission had also tried to influence governments to pursue the policies President Lagos had mentioned, and she wished to emphasise that since women and children suffered the brunt of any resultant instability, women should be included in all the discussions about climate change and sustainable development. The role of women as mothers was critical to changing the way people thought, and being closer to nature and deeply interested in bequeathing a viable Earth to future generations, women and young people must also play a key role in developing a global response. As governments rebuilt their economies and attempted to revise and redirect their investment and market policies they should pursue a more sustainable path and stimulate private competition to fund green industries. South Africa had held a conference earlier in the year that focused on green jobs, which was one of their areas of priority.

The UN Security Council had begun to recognise the threat of climate change to international peace and security, she continued, but unless we strengthened and implemented a progressive approach to reversing global warming and climate change, we could face anarchy and an influx of climate-change refugees that we were ill prepared for.

We needed a multilateral approach, as had been said, both in terms of governments and the climate-change fund, but also generally, because no other issue illustrated more clearly the borderless and global nature of the challenge facing us as policy makers and as ordinary citizens, and the pressing need for a global common response.

The international community would have the opportunity at COP16 to ensure that their deliberations prepared the tools for a productive meeting with a view to concluding a sustainable, possibly legally binding agreement on climate change by the time they met in South Africa in 2011.

If they did not reach some agreement the consequences for developing countries would be very dire, she warned. Millions of peoples' eyes would be focused on Cancún and especially on the leaders who should be there to discharge their responsibilities in the interests of humanity in general, and not on narrow national interests.

Mona Sahlin, Sweden, SAP, Vice-President of the SI, was sad to say that the issue of climate had lost momentum both in the media and in politics lately, whereas climate change itself had lost no momentum at all. Large parts of Asia had been hit by the worst floods in living memory; and in Russia, Belarus and Ukraine forests and harvests had been burnt. Climate was especially important to young people who saw climate change as a challenge to their own future, their prospects and their children. It was linked to security, employment, growth and the economy, and therefore to the welfare of the individual.

One thing that encouraged her after the electoral defeat was that so many young people had chosen the values of her party. As responsible politicians here we needed to act, she urged. That had become especially clear after Copenhagen. She was extremely disappointed with the right-wing government of Sweden which should have done better in its period as president of the EU. The world could not afford yet another failure.

She suggested three priorities: a clear commitment from the rich countries to convert to a green economy and end their dependence on oil. The EU should reduce its emissions by 30% by 2020. If no one made the first move, nothing would happen. Secondly a climate treaty must be reached including all countries, as Chairman Lagos had said. And third, clear commitments were needed to support harmonisation measures and the transfer of technologies to developing countries, and new global financial solutions to enable them to convert.

The Socialist International, she said, must show leadership. We stood for solidarity and global economic development, but without solutions to climate change we would fail on both. We must convince more people to see that the benefits of greening the economy would be far greater in the long term than other investments we made today. The sceptics claimed it was a question of costs; but the new opportunities for companies, for growth, for new green jobs, improved security and greater wealth could not be ignored.

We must make the green issue a real and serious part of our family's commitment she concluded. As President Lagos had said: when it comes to climate, capitalism is the problem and progressive politics must be the solution.

Sergei Mironov, Russia, Leader of A Just Russia Party, Member of the SI Commission on Climate Change, President of the Council of the Federation, said these issues were of great concern to all left-wing politicians and showed that we held close to our hearts the concerns of ordinary women and men.

In the recent past we had had confirmation of the importance of the relationship between humans and the environment. We had witnessed the unpredictable behaviour of Mother Nature and were often ill-prepared for her violent activities. Nor could we positively state what was cause and what was effect. But we could see that human activity was destroying our planet's ecological balance and repairing that damage was both difficult and expensive, as shown by the recent catastrophe in the Gulf of Mexico. As socialists we must address these problems which affected the future of humanity and of our planet.

Clearly the increased frequency of natural disasters was exacerbating the vulnerability of our economic system, and threatening the sustainable development of individual countries, regions, and humanity as a whole. For billions of people, access to food, clean water, and fuels was becoming precarious, and the UN was saying that already there were almost a million people suffering from hunger. Increasingly scarce resources were leading to centres of conflict, and increased migration. Climate was being used for political and economic manipulation. We must recognise that climate change knew no borders but affected us all. The problems could not be solved by individual initiatives, nor by individual scientific efforts, nor indeed by individual countries. It was no longer a purely scientific or regional challenge but a political and global one as well, so we needed to work together, shoulder to shoulder, on a constant basis.

It was also clear that many of the problems we faced, especially the climate issue, could not be solved within the context of the liberal development paradigm through market mechanisms alone. Our task as socialists was to find a model for the future combining sustainable economic development with reasonable consumption and environmental security. The words of an ancient philosopher were very relevant: harmony with nature was: success in healing any illness depended on the right diagnosis and an effective clinical approach. Unfortunately today there was a lack of consensus as to the causes and pace of climate change: we needed specialists to engage in a scientific discussion on the matter.

Although the concept of man-made global warming was increasingly accepted today, opponents of the theory, including many serious scientists and some from Russia, believed the variations were cyclical and based on solar radiation, tectonic shifts and changes in the Earth's axis. Some claimed we were on the brink of a period of cooling which could reach a peak in the middle of this century. He believed that we needed to find solutions to the impact whatever the cause. Any agreements between countries on reducing the man-made impact on the climate and any reduction in CO2 emissions were unreservedly positive and to be pursued.

Why had climate change become a major political battle, he asked. The higher a country's revenue, the higher its emissions; the richer and cooler northern countries had higher emissions and the control of emissions was equated with control of economic growth and consumption. The media had stirred up agitation on this issue and business sectors had benefited. We should remember that a key role in the

scare about loss of the ozone layer had been played by companies that then received grants to build ozone-safe technologies. Now it was the greenhouse effect. Our approach, he said, must be comprehensive, sharing differentiated responsibility according to each country's level of development.

He again stressed how essential it was to reach agreement in Cancún to be prepared for either cooling or warming; the effect of emissions was negative for all countries. The Commission had come up with concrete ways out of the problem; many had been taken on board, and he highlighted the main ones: to set up a system of climate-change insurance; a new UN body tasked with disseminating climate-change technology; a system to monitor climate change worldwide linking up international strategies; and an array of international legal instruments for managing water and forest resources. The latter was extremely important, as had been so well put by the previous speaker.

In closing he quoted Chekov's saying that efforts focused only on the present would come to nothing: with efforts made in common and directed to the future, the future would be positive.

Raymond Johansen, Norway, DNA, Secretary General of the party, said that at the Copenhagen conference political leaders had expressed a strong will to fight climate change quickly. Now nearing the Cancún conference we must all show a will to achieve concrete results and the courage to meet global challenges. Financing climate initiatives was a broad goal in the global fight against climate change.

At Copenhagen, industrial countries had pledged to make yearly contributions of 10 billion US dollars up to 2020 to meet the needs of developing countries. The Norwegian Prime Minister and leader of DNA, Jens Stoltenberg, together with the Ethiopian Prime Minister Meles Zinawi had led a high-level group set up by the UN Secretary-General to identify concrete practical recommendations on how to achieve this level of financing. Although this would be a challenge to many industrialised countries, they considered it possible, with a combination of new public financial mechanisms and an increase in public contributions and private investments. In order to reach the target the two prime ministers also proposed higher prices of 20-25 US dollars per ton on CO2 emissions.

New public initiatives, he continued, could raise billions of dollars a year, for example by trading emission quotas and taxing emissions from international transport. These were especially interesting as they brought revenue to developing countries and encouraged the reduction of emissions by industrialised countries. Private international investments were key: it was the private sector, fostered by public financing, that would finance most of the low carbon and green growth. Multilateral development banks, in close cooperation with the UN, should be a key driver for such development. Some financing mechanisms could be operational within a short time frame. The Copenhagen Green Climate Fund and the potential regional and thematic funds should be established in an open transparent way.

There was no contradiction between economic growth and the reduction of emissions: these two goals should go hand in hand. We needed low-carbon, green growth, so it was up to governments, international institutions and the private sector interests to put these recommendations into action, he concluded.

Jean-Christophe Cambadélis, France, PS, International Secretary, Member of the National Assembly, welcomed the SI Council to Paris, this city with such a long history for socialist and progressive

movements. The Paris Appeal, he said, should enable the Cancún conference to be the start of a green revolution setting the world on the path to shared sustainable development. After the disappointment at Copenhagen we must ensure that Cancún allowed us to move from mere words to actions. With the calls for awareness of climate change now so pressing, our agenda was not just a fashion, it was a response to a political problem of concern to all progressive movements. We must build what the French philosopher Edgar Morin called a new deal for civilisation, the green paradigm mentioned earlier by Ricardo Lagos.

In the 19th century the socialist movement had been built on awareness of social injustices resulting from the industrial revolution and the means of production. It offered a new model for social and economic development based on social democracy. Now the socialist movement must become aware of 21st century injustices and their link to climate change through economics and the environment. Our feelings of fraternity demand that we bring about an intellectual revolution to put an end to the concentration on production: we must guarantee a future which is safe from pollution and the ills it causes.

He thought humanity was becoming aware that it was pursuing a slow process of ecological suicide by depleting the natural resources upon which our lives depend. In addition to confronting climate change, he continued, we must confront the problems of chemical pollution, the disappearance of biodiversity, and the lack of agricultural land, forests, clean air and many other resources. There was also the question of nutrition, all of which deepened the problems of globalisation that we had often referred to in the past. We must go beyond our selfishness, he said, to build a new and effective system, beyond social justice to build strong economic growth, and the socialist movement must combat the insatiable greed which led to the depletion of resources. In addition to reconciling man to his fellow man, we must find a different approach to nature, to social equality and cooperation between states. For all these reasons, and in the interests of the planet, Cancún must not fail. We must reach trade agreements favourable to everyone, and policies on climate change that will benefit all the people of the Earth.

For Cancún to be a success, he said, we must launch our 10-point Paris Appeal not just making proclamations and advertising our intentions, but by each party spreading and publishing it far and wide so that parliamentarians would echo our proposals. If we did this and brought our influence to bear on Cancún then it would have real strength and our Paris Declaration will have been as useful as those 19th century socialist meetings.

Luis Ayala, then introduced the Vice-President of the Republic of the Maldives who had accepted the SI's invitation to speak on this issue which was crucial for the survival of his country.

Mohamed Waheed, Maldives, NUP, thanked the SI for this opportunity to be the first person from the Maldives to address the SI Council and he congratulated the Commission and co-chairs for their very useful work and for the report that had been highlighted.

As a very small country with a population of 300 thousand, the Maldives had made no significant contribution to global warming, and yet it would probably be the first to disappear as a result, so this issue was in the mind of every one of its citizens. The Maldives was making a very important transition, he continued, having held its first multiparty democratic elections, it was trying to introduce a new constitution, new political parties, new independent institutions and judiciary, and at the same time

now faced the impact from the international recession through its dependence on tourism. They were struggling with the challenge of consolidating democracy, establishing a functioning civil society with human rights, but the issue of climate change was paramount. Every year storms were becoming fiercer, beaches were being eroded and more islands were having their fresh water contaminated by salt water. As always it was the poorest people on the remote islands who suffered most.

Maldives was a front-line state in the battle against climate change. Depending as it did on fishing and tourism, both seriously affected by climate change, Maldives was threatened with extinction if global warming was not checked. For Maldives to survive, global temperatures must not increase by more than 1.5 degrees and that meant reducing CO2 concentrations in the atmosphere to 350 parts per million from the current 390.

In 2008, along with 80 co-sponsors from all regional groups, Maldives had secured the adoption by consensus of UN Human Rights Council Resolution 7/23 on human rights and climate change which stated explicitly that global warming had implications for the full enjoyment of human rights. In 2009, a Climate Vulnerable Forum was formed to show leadership in the greening of economies, and encourage a commitment to carbon neutrality. He called on all countries to follow the moral leadership shown by the Republic of Maldives whose Cabinet had literally held a meeting under water to capture the world's attention. They had done everything possible to raise awareness and had mobilised their youth to take part in the 350 global campaign led by Bill McKibben.

What happened in Maldives today was likely to happen to other countries tomorrow, he warned, urging European countries to play a greater role by universally adopting a mitigation target of a 30% cut in emissions from the 1990 levels by 2020. Big polluters like the US, China and India must invest more in green technology, he continued, expressing appreciation for what the Chinese delegate had said about the progress being made. He was confident that India and China would lead the way in new technologies.

Today climate change was at the heart of sustainable development. It made good economic sense, he said, to invest in renewable, clean energy and reduce our dependence on fossil fuels. Every country was wasting vast amounts of energy from untapped natural sources. In Maldives it was cheaper now to produce electricity from the sun than from diesel, and they were exploring wind, solar and green energy in the commitment to be carbon neutral by 2020. As progressive politicians we must walk the talk and do what we believed to be right.

The disappointment of Copenhagen and the failure of the US administration to push through a climate bill had resulted in what some progressives saw as total gridlock: only a natural disaster could shake policy makers into action. But the world had experienced huge earthquakes, unprecedented floods and mudslides, volcanic eruptions and the melting of Arctic ice and yet policy makers remained unmoved. He acknowledged that it was hard to be optimistic but we should retain hope in our ability to make a difference through our own actions: to make progress at Cancún in a few key areas like protecting the forests and financing the adaptation in developing countries. He called for support to special and speedy mechanisms to provide financial assistance to the most vulnerable countries. This was now urgent for his country with half of its islands and the beaches that were the lifeline of the economy now being threatened by rising water.

He thought it was incumbent on us to find a breakthrough. Political parties could speed up the fight against climate change by working with environmental groups to raise public awareness and public

outrage, and to demand policy changes, publicising the fact that it was the poor who suffered most from these disasters. Climate change and disaster preparedness must be a priority election issue and the cornerstone of international cooperation. Progressive parties must lead the debate, the actions and the mobilisation needed to create a better agreement that was just and legally binding, he concluded.

Elena Valenciano, Spain, PSOE, International Secretary, said that climate change was the greatest challenge of our generation, a challenge to the planet's biodiversity and to human life itself. This might not seem the best time to tackle climate change in view of the economic crisis, but in fact it was needed immediately because the use of fossil fuels to promote economic growth had been one of the causes of the crisis. To get out of the crisis and promote the society we wanted as socialists, we must reform our productive model and propose a new sustainable form of development that included all segments of society and respected our Earth.

It was our responsibility to convince governments throughout the world that combating climate change was an ethical challenge, a challenge of fairness for all. The most vulnerable to the impacts tended to be the poorest, and yet they had contributed the least to global warming: Africa had generated only 4% of greenhouse gases.

As we approached the Cancún summit, she wished to emphasise three points: first, the need to strengthen the UN system, an objective shared by most of the international community and particularly by socialists. The UN was the only forum which could coordinate and manage all the efforts to resolve the problem.

Second, she continued, we must avoid the tendency to wait and see what others offered. Instead we must be pro-active in saying what we could do. The Obama administration would be more effective if it established conditionalities which could oblige others to match their efforts.

Thirdly, we had to respect the international rule of law and we needed binding agreements involving everyone without denying what had been achieved in the 20 years of progress on the Kyoto Protocol. We must see that people did not commit themselves only to areas where there was complete consensus. We needed concrete commitments on funding mechanisms from developed to developing countries, for instance to combat deforestation, and to that end we needed both political will and the necessary resources.

She thought the people's concerns had grown closer to socialists' concerns so we should not speak of failure, even though the majority of greenhouse gas producers had failed to live up to our expectations in Copenhagen. We must demand more: already a large number of prime ministers held to these commitments and the US and China had reached an agreement, not sufficient but at least something to build on. Some achievements had real value and we must focus on those.

Cancún would be a turning point, she concluded, for setting the framework of how the international community would face the economic challenges with equity and fairness. It would be a fundamental step in promoting a new model for global governance with sufficient attention to the environment, and people's most basic needs: safe drinking water, healthcare and education. This was our opportunity to influence the debate.

Amalia García, Mexico, PRD, former Governor of Zacatecas, said this important meeting in Cancún would bring together many hopes and expectations, especially after the great disappointment of Copenhagen. The future of life on planet Earth was at stake. Until now we had followed a model of development based on a culture of waste and consumption that paid no attention to most people's quality of life, nor to the relationship between humans and nature.

As chair of the SI's Migrations Committee, she said that over the past century migration had been largely the result of people seeking work; now it was possible that the main cause would be natural catastrophes and hunger, which was much more serious. In global warming we were facing a challenge with many different implications. We needed different alternatives, but certain principles must be adhered to: for instance that the polluter pays. We had to take positive steps to care for the planet by reforming the way we produce and the way we live. While some pointed to the economic costs involved in making those changes, to carry on with the same development model would be more costly: it had created great inequality between people and had not improved our living conditions. A new model which would guarantee sustainable, dignified conditions for all humans was needed.

When we speak of the environment, and measures vis-à-vis global warming, García continued, we must stress global security, not simply against possible armed conflict but in relation to the forms of production and care of our planet. Sustainability was key for security. We must ensure food for billions of people who were at risk due to deforestation, but water was another fundamental resource that should be one of our priorities.

In order to deal with climate change we needed measures at local as well as at worldwide levels, and this would require education towards a new culture based on the relationship between man and nature. And if we were to transform our means of production we needed commitments from the business sector in every country. They too must experience incentives to avoid contributing to global warming.

She suggested that in Cancún, along with the commitment from governments, the Socialist International should propose a commitment from the parliaments of all our countries to undertake a concerted effort to take better care of the environment. And above all, she said, any agreements made in Cancún must be binding.

Radmila Sekerinska, FYR Macedonia, SDSM, SI Vice-President, said we could all become scared by the huge numbers mentioned concerning climate change, but even the most conservative numbers showed that preventing the deterioration made sense even from an economic point of view. The maths was perfectly clear, correct and precise. So as politicians we wondered why it was difficult to convince our domestic public, or our members of parliament, that increased investment in environmental protection was necessary. In her own parliament building windows had been open in November due to the heat, so there was little concept of energy saving or energy efficiency.

She saw the problem as being the specific weakness of politicians and of our societies, in that they chose comparative comfort today over severe discomfort tomorrow. On the other hand it was very hard to talk about care of the environment to the increasing numbers of people who had no jobs. In Macedonia even some supporters of social democrats had doubts as to the urgency of the concern and wondered whether investment in the environment was actually a luxury. Even in Europe it was hard to say no to an investor who wanted to invest in your country but was resisting your environmental standards; for a country like Macedonia with 32% unemployment, few would have the moral strength to say no.

Sekerinska mentioned that worldwide statistics showed that 50% of all unemployed people had been without work for more than six months. In Macedonia that 50% had been unemployed for more than four years, and this was the case in many countries of southeastern Europe. She added that international financial institutions had no problem supporting investment in the coal industries, but not in hydro-plants. The gap between big politics and what was happening in reality was unfortunately very large.

Her suggestion would be to couple sound environmental policies with some kind of social coaxing, some additional incentives and exchange of ideas on double policy, tackling both poverty and unemployment at the same time as environmental standards.

Finally, she said the right-wing parties were changing their clothes, not their nature. They were combining certain ingredients stolen from us, some green elements at least in theory, in order to win elections. This was very dangerous in a period when confidence in political parties was shrinking. The Right had found the correct mixture of populism, nationalism, whatever worked. They had made it clear that politics was not about ideas or ideology but about public relations. It was hard to fight back, but we knew we were right and had only to win more votes in more countries and more continents to turn this battle, aimed at ending poverty and preserving our planet, into a victory.

With the day's proceedings drawing to a close, **Luis Ayala** thanked all the speakers, and then called attention to the drafts that had been prepared by the various commissions and that would be discussed before being adopted the following day. These included the Paris Appeal, l'Appel de Paris, mentioned by Jean-Christophe Cambadélis; a draft text from the SI Commission for a Sustainable World Society; a paper on Global Welfare Statehood produced by the Committee on Economic Policy, Labour and Natural Resources; two texts on the Missile Defence Initiative, and the forthcoming NATO Summit, and another paper on NATO strategy. There was a wide-ranging document to which many had contributed concerning conflict resolution and democracy; and a text to be introduced by the rapporteur of the Commission on Global Financial Issues, Eero Heinäluoma.

The first day of the Council meeting was then closed.

Third session, morning of 16 November

Opening the morning session of the second day, **Luis Ayala** was pleased to announce that the SI's member party in Guinea, the Guinean People's Assembly, had succeeded in bringing back democracy to that country and now the party leader, our friend Alpha Condé having won 52.52% of the vote, would be taking over as President of the Republic in December. The SI was also supporting the efforts of our member party in Niger, the PNDS, and its leader, presidential candidate and an SI Vice-President Mahamadou Issoufou, where elections would be held in January.

Report of the SI Finance and Administration Committee, SIFAC

In the absence of SIFAC chair, Pertti Paasio, **Luis Ayala** presented the report of the Committee. He had discussed the SI finances and the work of the Committee with Pertti Paasio in advance of this meeting in Paris, and SIFAC, at its meeting on the eve of the Council, had agreed on the budget for 2011 and the proposals that were now put forward.

He thanked the many parties who recognised that effort and commitment to the organisation were needed to carry out the SI's aims, and who paid their dues or even offered to raise their membership. This was the good news.

Sadly, he had to report that other parties had not paid their fees and this inevitably put obstacles in the way of our efforts.

It was very clear that our ambitions had increased and that our activities ranged over vast areas of the world where our message of social democracy was needed. But this ambition should be accompanied by the fulfillment of the obligation by members to pay their fees. Of the 158 member parties that should pay fees there were unfortunately 89 who were not up-to-date with their obligations; and of these there were 35 parties who owed more than three years, which technically, according to the SI Statutes, should automatically cease to be members. The organisation had been very fraternal and understanding for a long time, he said, but SIFAC now was recommending action.

First, those parties who were neither paying fees nor participating in our activities but were fading away from their responsibilities and commitment, should now cease to be members. There were five of those cases brought to the attention of the Council: Guatemala, CSD; India, Janata Dal, which had split into many groups; Jordan, the Democratic Socialist Forum, an observer party which had never paid any fees nor participated in our activities; Moldova, SDP, not the strong Democratic Party now fighting in the elections, but the small party that had been taken over in recent years by new people, and had also not paid any fees; and finally in Paraguay, the old Febrerista Party who were a part of our history but were no longer participating nor had paid fees for many, many years.

Second, the 35 parties which owed more than three years would be given a last chance to rectify the situation by the first month of 2011. For those who did not, their membership would be downgraded to observer status until the next Congress after which they would cease to be members, in accordance with the statutes.

Ayala introduced the budget for 2011 which had been unanimously agreed by SIFAC, and which had been distributed along with the membership fees list proposed by the Committee for 2011. He said that being realistic, the Committee agreed a budget which was along the lines of the one approved for 2010.

Looking at expenditure, he said that the Committee tried to keep the same level of expenditure, the same financing for SI Women, and a bit more for activities given the larger number of committee meetings and other initiatives proposed for next year. As members knew, there was a shortage of staff in the secretariat to deal with essential and crucial areas of work for instance communications, languages and press, among others. It would not be possible to achieve any of this if parties did not honour their financial obligations.

It had been agreed in the Council meeting in the Dominican Republic to try to raise funds by donations as well as by membership fees. Now after a great deal of work with lawyers, the bank, and all the credit card companies, the necessary infrastructure had been set up: SIFAC was happy to announce that by going to our webpage anyone, anywhere in the world, could now donate in any currency to the work of the Socialist International. It was a very transparent system that would be monitored and we would know exactly who was contributing and how much. All the necessary legal, financial and technical requirements had been satisfied and the system was now up and running.

Ayala said he had been in contact with other similar international organisations which raise funds in this way to learn from their experiences. It would take time for the SI to be among those which can successfully use that as a sustainable method of fundraising but we should not cease to aspire to get there and we should aim to have, whenever possible, a professional fundraiser on our staff to do that.

He then put all the proposals of SIFAC to the Council.

Tadeusz Iwinski, Poland, SLP, suggested delaying the decision on the party from Moldova until after the parliamentary elections the following week when the situation would be more clear.

Luis Ayala said he had been in Moldova three weeks earlier speaking with the leadership of the Democratic Party of Moldova, whose upgrade to full membership we had agreed in New York, to convey our support to their election campaign. We have previously given our full support to that party in their efforts to strengthen democratic institutions in that country and we are pleased that they represent social democracy. We have put this very clearly and it would not be understood by anyone that we offer a gesture to a party that is not delivering either in Moldova or in the International.

This was accepted.

The proposals of SIFAC were agreed by the Council and the Budget for 2011 was adopted.

Report of the Chair of the SI Ethics Committee

Maurice Braud, France, PS, Chair of the Ethics Committee, said the Committee had met two days earlier and had received new requests for membership since the last Council meeting in New York. Two new applicants, from Benin and from Venezuela, had been rejected because we already had active members in those countries.

With the support of the Secretary General they had established a list of priorities on the numerous applications received in the last months and years.

Having examined the situation of the People's United Party from Belize they suggested the party be invited to the next meeting of the Committee for Latin America and the Caribbean after which a decision could be made at one of the next meetings of the Ethics Committee.

The Democratic Movement for the Future of the Comoros had applied for membership a few years previously, he said. The Committee was concerned with having proper representation from the Comoros and had asked for additional information before making a decision.

The Committee was recommending that the United Democratic Party of Gambia become a consultative member of the SI.

Reminding the Council of the importance attached at the last Council meeting to developing our political family in Central Asia, where authoritarian regimes made it difficult to have close contacts, the Committee recommended that the All National Social Democratic Party 'Azat' of Kazakhstan be accepted as a consultative member.

Regarding A Just Russia Party, Braud said they had been participating and had already hosted a number of committee meetings, most recently of the Disarmament Committee; and Sergei Mironov had been active, also as a member of the Climate Change Commission. The Committee was recommending consultative status now and to return to the issue of full member status for this party at a Council before the Congress. He assured the party that we would give our full support to its efforts to promote social democratic values in Russia in a political context that was often difficult.

Braud reported that there had been a number of developments within member parties to note: In Mongolia, the party had changed its name to Mongolian People's Party; in Congo, we had been back in contact with the UDPS; and in Italy the PD was in the process of re-organising. We were also in discussions with the FLN, Algeria, and with the Socialist Party of Serbia.

In conclusion, Braud said we were following very closely the political situation in Bosnia-Herzegovina, and especially the activities of our members in Republika Srpska and the whole of the country. We hoped the elections of early October would make it possible to come up with a positive political solution and we would continue our monitoring activity in the next weeks and months.

Maria Jonas, Austria, SPÖ, asked whether the question of human rights, and in particular women's right to have an abortion, had been discussed especially with reference to the position of the FSLN in Nicaragua.

Maurice Braud replied that that question had been discussed and our concerns and disagreement with their current attitude had been expressed. Thanking Jonas for raising that issue, he said they would have to continue to monitor it.

The report and recommendations of the Ethics Committee were agreed and adopted by the Council.

THE WORLD ECONOMY: MAPPING OUT A SUSTAINABLE RECOVERY THAT WORKS FOR ALL

Continued

Poul Nyrup Rasmussen, PES President, ex-officio Vice-President of the SI, gave heartfelt thanks to the leader of the French Socialist Party, Martine Aubry, wishing her success in the forthcoming elections. It was time, he said, for France to have a new leader and she would make the difference.

He expressed his great admiration for President George Papandreou. To see a prime minister, and especially a socialist one, guiding a nation through crisis, being forced to make exceptional cuts and yet winning the electorate's support was a guiding light for us all.

Rasmussen wished to talk about a neglected theme but one that he increasingly felt was a central one: freedom, and the difference between 'them' and 'us'. Conservatives saw freedom as their freedom to exploit others, to control the media as they did already in Italy, and to some extent in France and other countries, in the United States on specific television channels and in many newspapers. This was their version of freedom of expression.

The other freedom that conservatives claimed was the freedom of the markets which, they said, being impersonal would surely restore a correct balance.

Rasmussen considered the first freedom to be the worst, entailing the freedom to ban immigrants and refugees, to build big walls in the Middle East, between Mexico and the US, and now also in Europe.

We must understand that to gain a majority all over the planet we had to tackle these freedoms of expression and of the markets. We must never forget who had caused the financial crisis, he said. It was not us, not the workers, nor their laziness: it was the financial markets. Kenneth Rogoff, an American professor of economics, had shown that whenever there was a new financial bubble, and these were getting bigger every time, the bubble was transformed into debt in the private sector and then into debt in the public sector. This was why we in Europe and elsewhere were drowning under the burden of debt that we had not created.

What we must do now was to make sure those who created the debt would pay for it. So the first answer from progressives and socialists in Europe and worldwide must be to ensure new revenues for our welfare states and our public sectors. That was why the fight for a financial transactions tax was not just another fight, it was a crucial new common fight. We had to join forces to overcome excuses like that of Angela Merkel saying they could not do it because the US or South Korea or China would not accept it. If we would start together in Europe we could spread it all over the world.

The alternative was austerity measures, and the market was forcing governments to implement these in unprecedented ways that made workers ask why they were paying for a disaster they had not created.

There was another way, he continued, and we had to have very clear language and a very clear strategy for it. He made two concrete political proposals: first, to free our states from financial speculation, to have an alliance of solidarity between our progressive movements to gain approval for a financial transactions tax. In Europe the aim was to get one million signatures to support the tax and then force the European Commission to present a proposal. If people could do the same in other countries across the world we could begin a coordinated action to get this tax accepted. Then we could avoid new cuts, finance new investments, and take that lead.

His second point was how we progressives responded to the fear factor which many conservative governments were exploiting. The fear factor was contributing to many election losses for us. Conservatives were saying they had the only answer to migration: building walls. We were talking about solidarity but the workers did not understand a word of it. We needed to rediscover a very clear common answer because whenever there was an economic crisis and people on the move the extreme Right had won more votes and xenophobic parties had come into power. We needed a new campaign to go up against the extreme Right, to confront them and fight them. If we could combine economic growth, jobs and solidarity with the same rights and duties for migrant workers as for everyone else, he thought we could do it.

In closing he explained what he understood by real freedom: it was the freedom to have a job, social security, a home, and to live in solidarity and in peace. It was possible to change the world, he insisted, and we should do it.

OVERCOMING CONFLICT: STRENGTHENING DEMOCRACY AND SECURITY

Laurent Fabius, France, PS, former Prime Minister, spoke of our aspirations to overcome conflict and achieve peace and democracy. In theory, democratic societies would not be in conflict with each other, and the wave of democratisation over recent years had been quite positive, but now with over 120 democracies there were still many conflicts. In some so-called democracies the elections were rigged, leaders were not really accountable to their parliaments, the media were stifled and the rule of law trampled. These countries often bred religious fanaticism and terrorism while talking about electoral rights; the so-called *élite* were swindlers turning those countries into oligarchies, and they posed as great a danger to the international community as did any non-democratic country. We therefore had to remain focused on one simple goal that remained distant for many people: genuine democracy.

Democracy, he continued, comes through development. We knew the reality that a child born in a developing country was 13 times as likely to die before the age of five as one born in the developed world. One century ago, Jaurès had said that democracy was the minimum of socialism, and socialism was the maximum of democracy. This was still the case.

French socialists had been looking at the notion of fair trade, having seen the failure of completely free trade while also recognising the dangers of protectionism. They now advocated a new track of fair trade incorporating all major international trade treaties, and environmental and social standards. He recommended that the SI look at this.

Another aspect of development was that rich countries had a duty to show solidarity with the poorest. In order to raise the standard of living for all, they must continue to contribute to getting rid of conditionality regarding health and the environment.

One of the main tasks of the SI was to strengthen democracy internationally, he said. Instability in the world was forcing us to look at the rule of law and the institutions that guaranteed that law. Many problems were global, and we had the UN which, despite its weaknesses, was the only institution to represent all of us as it sought to tackle often contradictory matters such as security and new social and economic factors. The UN, the World Bank and the IMF were absolutely crucial and to honour legitimacy, the scope with regards to security had to be increased.

Fabius reminded participants of what he had said at the French socialist congress on international defence and security, that the policy of the current President of the Republic did not express all of France, and his position on many points was not, nor would be, acceptable to socialists. The French people were aware of the world's disappointment for instance in the Dakar statement on Africa, and the discussion on reintegration into NATO. They wished to distance themselves from the hostile attitude shown towards foreigners which ran counter to France's principles of independence, mutual respect and dialogue.

It was a principle of French socialists to defend conflict resolution as opposed to resorting to force, although that could sometimes be necessary, as for instance in Afghanistan where French deployment had been agreed under the UN and France had shared the defined objectives of the international force. It would withdraw as soon as possible after consultations.

The French President's approach to the complex problem of Iran, he continued, had led to gridlock. We needed negotiated consultations which would involve mutual commitments also with other neighbouring countries.

As for the Israeli-Palestinian conflict, discussions had resumed and must be encouraged. With due respect for rights and democracy under the auspices of the UN we must have as our compass security for Israel and a viable state for the Palestinians, and an end to the Gaza blockade and the occupation of territories.

In closing he echoed what Jean Jaurès had said about socialism and peace, and invited support from everyone so as to ensure a stronger France and a stronger Europe that would be more fair and more peaceful.

THE WORLD ECONOMY: MAPPING OUT A SUSTAINABLE RECOVERY THAT WORKS FOR ALL

Continued

Yury Buzdugan, Ukraine, SDPU, said his country had no economic structures; about 150 so-called oligarchs earned more than all the salaried workers and pensioners together. The economy was not efficient, producing about one third of what it had in the Soviet period due to free-market reforms. Ukraine was basically a banana republic, a situation that some other Council members were probably familiar with.

The financial crisis, however unpleasant, was not only a problem, it could also be an opportunity. He saw consumption as the prime cause of the crisis as countries struggled to find buyers for their products. In 2000 the world had produced 23 trillion dollars worth of goods and 29 countries, members of the OECD, had consumed 18 trillion dollars worth, leaving five trillion dollars worth for the other countries. So the world was divided between the haves and the have-nots, the developed countries and the banana republics. The question therefore was how to develop consumption on a general basis in those countries like his.

This was a problem for the entire world economy and the only solution he could see was the industrialisation of the 180 banana republics to increase world consumption tenfold, and this was something only socialists could organise.

At the end of the Mitterrand-Brandt-Palme period, he said, the SI had adopted the Stockholm Declaration because of the North-South divide and the lack of effective economies in some countries. Now was the time to begin that work, he concluded.

Johan Hassel, Secretary General, IUSY, quoted Bill Clinton's famous remark: It's the economy, stupid! He said it was often used but still underestimated. How else, he asked, could one explain why we had ended up with the neo-liberal system that had caused the financial crisis, and still had not extricated ourselves from that system. At this meeting we had heard a lot of concrete suggestions. We must form a positive agenda and work together to challenge the right wing.

The market, he continued, was a bad master but an excellent servant. We had to regulate the financial markets, coordinate macro-economics and put an effort into development aid. The crisis had thrown millions back into poverty, and employment was not a priority for the Right. We had to tackle unemployment at a global level. The IMF had made some changes and the G20 was better than G8 but really we were still living as G2, which is why he applauded Papandreou's suggestion of a global economic council in the UN. The UN was the only plausible international institution and we must put our focus there, try to establish such a council, and also reform the Security Council. The markets had been globalised: now it was time for globalisation to be democratised.

A financial transactions tax was a very good initiative, he said, and a real way to start redistributing the world's resources. IUSY believed that we must put all that money behind our words and fulfill the UN MDGs which were now up for renewal.

The financial markets had been bailed out, but not the people, and especially not the young people. It was clear that domestic demand had to be stimulated; if recovery was dependent on exports the burden was simply transferred elsewhere.

Job creation had to become a priority in economic policy, he continued, and at an international level. We were now seeing a whole generation of youth at risk of being left out, passed over due to cutbacks in education resources. The future lay in education and research so they must be given the opportunity to create the modern knowledge-based economy and society. This was where IUSY and ECOSY were putting their main effort.

In ending he quoted Mona Sahlin saying that equality was the project of social democracy. This was why IUSY was mounting a global campaign on equality. Their world festival in Austria in the summer would gather thousands of young people to show the world that equality was their priority and that change could happen.

Saúl Escobar, Mexico, PRD, said we knew that the world economic situation was uncertain, with currency and trade wars either present or on the horizon, but policies undertaken to face the crisis were not coordinated. Where the US had very liberal currency policies the European Central Bank had restrictive ones; China tried to prevent its currency from appreciating, and developing countries were beginning to put capital controls into place. There was no common strategy or concern for solidarity or international cooperation. He cited pressures in European countries from speculative markets, from the conservative Right and the war waged against the welfare state.

Mexico, he said, was a country characterised by violence and a lack of hope for welfare. The policy of the Right was to do nothing, or to follow the United States. Mexico had done nothing to install its own sovereign policy, and this had been fatal. Of all Latin America it was the hardest hit by the financial crisis and in 2009 its GDP had fallen by 7% because it was so closely tied to the American economy.

His party believed that this must change and that in coordination with other socialist countries they needed to reform the economic system and the international institutions. He thought their social democratic agenda was very clear but that it had to be worked on over the medium and long term: the immediate strategy towards that goal was far from clear. They had to avoid the social crisis becoming a crisis with no political control, another issue they would have to deal with. That was not the agenda of any socialist or progressive parties.

In concluding, Escobar said that many migrants had become victims of the crisis in that their human rights were violated in the US and also in Europe. It was now time for social democracy to get back to its roots of inclusion, of promoting the general welfare and the interests of the most vulnerable. It was time for socialism, for solidarity, fraternity and the fight against those right-wing policies of exclusion and injustice.

Manuel Laguarda, Uruguay, PSU, Vice-President of the SI, said his party would be celebrating its 100th anniversary in December. As one of the oldest socialist parties in the world they would welcome everyone to come and celebrate with them.

In its second year in government the Broad Front (El Frente Amplio) which represented all the democratic forces, was carrying out its policies without any serious problems. But the financial crisis was characterised by globalisation, by the free movement of capital and by liberalism and these factors and the resultant asymmetries came into play. Earnings in the real economy had dropped and yet capital had expanded in a world without rules. That had been one of the causes of the crisis and was a lesson we had to learn. But with very high unemployment and decreased salaries we had not done what was necessary to prevent further crises.

Of the alternatives being considered, global governance would need economic and monetary policies coordinated both at the national and the global level. He had presented a motion on a financial transactions tax to prevent short-term speculative movements of capital, and a new international reserve currency had also been proposed. We must promote the conclusion of the Doha round, he urged.

A second lesson to be learned from the crisis was that it had been the product of a system based on consumption and production, and values that were not appropriate. We had to look again at real demand and investment in the real economy. To that end a more rational and fair system of social organisation was necessary with a distribution of human and social resources that would increase everyone's standard of living in a sustainable way. We needed true sustainable democracy and social justice, he concluded, and to that end the SI must strive to promote those policies.

Luis Ayala said that the Global Economy would be taken up again later with Eero Heinäluoma introducing a draft statement proposed by members of the Commission on Financial Issues.

He then introduced the keynote speaker on the next item, the recently re-elected President of Iraq.

Third main theme: OVERCOMING CONFLICT: STRENGTHENING DEMOCRACY AND SECURITY

Jalal Talabani, Iraq, PUK, SI Vice-President, expressed the gratitude of his party for the support to the people of Iraq in their struggle to emerge from the devastation of tyranny towards democracy and freedom. They in turn continued to support the Socialist International in all its work.

He reminded participants of the countless heinous crimes committed under the dictatorship of Saddam Hussein, including the gassing of the town of Halaya which had killed more than 5000 civilians, and the

disappearance of more than 182 thousand innocent people whose whereabouts were still unknown despite the 2003 discovery of mass graves.

He recalled the brutal suppression of uprisings in the South of Iraq and in Kurdistan, a policy of sectarian discrimination which also resulted in killings and displacement of hundred of thousands of Iraqis including prominent religious leaders. The Ba'ath regime's destruction of marshes in the South of Iraq, and its illegal wars against Iran and Kuwait, apart from killing millions of people, had put Iraq under crippling international sanctions and turned what had once been a country rich in resources and history into one of the poorest in the world. Despite differing views over the 2003 decision to go to war, he said, the undeniable reality was that Iraq had been liberated and the most brutal dictatorship had been toppled. In early 2005 the Iraqi people had fulfilled one of the basic human rights: choosing their political representatives. They had braved terrorist threats in order to vote, and now they had a Constitution that turned Iraq into a new federal democratic state in which every citizen had a stake regardless of ethnicity or religion.

Iraqis had voted again in December 2005, and in early 2006 a peaceful transition of power had taken place under a new government led by Mr Nuri al-Malaki. He, Jalal Talabani, a Kurd, had become President which in itself showed that a liberated, pluralistic and democratic Iraq was emerging.

The process of rebuilding Iraq had moved on from political reconstruction to the development of infrastructure, reaching out to the outside world, and opening up to foreign investment in Iraq. Above all they were improving security conditions and defeating the two enemies: extremists and terrorists. With the help of international forces the latter were being rooted out of towns and villages by the Iraqi people. By the end of 2008 Iraq had become a much safer place, and had not slipped into civil war as many had expected.

Improvements in security naturally lead to prosperity, he continued. The government had quickly approved the investment law and major oil deals had been signed that would lead to increased revenue for the people. Millions of dollars were earmarked for investment in infrastructure and the income per capita had jumped from a few hundred dollars to 3,600 dollars.

Iraqis were known for their resilience and strength: they had survived extreme hardship and dictatorship to emerge as a federal democratic society. The people of Kurdistan had suffered their share under the Ba'ath regime but were now looking ahead with optimism. They had improved security in the region, had attracted big investments in all resources and were now visited by hundreds of thousands of Iraqi citizens from every ethnic group. Kurdistan had offered freedom and safety to Christians who were threatened by terrorists, and was becoming a model of democracy and human rights for the rest of Iraq to follow.

The Iraqi people had voted in droves in March 2010, he continued, and it was up to the political leaders to honour the trust bestowed on them. There had been unfortunate delays in forming a government due to the complicated nature of Iraqi society, but they had eventually managed it. The political élite understood the grave issues still remaining, including the withdrawal of US forces by the end of 2011, defeating terrorist groups, and building an army capable of defending Iraq. To overcome these challenges, Talabani said, they would need support, help and solidarity, to ensure that Iraqi wealth was used for the benefit of its people and not for chemical weapons or bombs. Terrorism in Iraq was a problem not just for Iraqi people but also for the international community so it was in all our best interest to see a successful Iraq.

In conclusion he said that his country still needed help in the seven areas he had mentioned in 2007: combating terrorism; keeping member parties informed of the real situation in Iraq; encouraging investment in Iraq, starting with the safer areas; providing immediate support for the united democratic and federal Iraq; sending fact-finding missions to provide comradely feedback; asking the states in the region to stop interfering in Iraq's internal affairs; and respecting Iraq's national sovereignty and unity, all this in addition to stopping facilitation and funds to terrorists.

Colette Avital, Israel, Labour Party, announced that the Chairman of her party had had to go back to Israel for a Cabinet meeting that would decide on a further freeze of settlements which they hoped would lead to renewal of negotiations with their Palestinian neighbours.

She recalled that they had recently commemorated the 15th anniversary of the assassination of Prime Minister Yitzhak Rabin, a courageous fighter in the cause of peace. It was a time of soul-searching and asking themselves what had gone wrong, and whether a peace agreement might have been reached by now had he lived. But it was also a time to see how reality had changed since then and looking at new opportunities. For 17 years they had been negotiating with their Palestinian neighbours and with Syria. Today most Israelis and Palestinians believed the only just solution required the creation of a Palestinian state alongside Israel. But reaching that solution required true leadership, the kind that their founder Ben Gurion had shown in the face of opposition from Left and Right when, against all the odds, he declared independence.

Winston Churchill, she continued, had said that a pessimist saw difficulty in every opportunity, and an optimist saw opportunity in every setback. She and her friends were here today to say that despite the difficulties, a breakthrough was possible.

The Middle East was clearly a complicated area, she said, and Israel had grown in hostile soil where it had had to fight for its survival. Israelis had had to learn the hard way the limits of power and violence. We all knew by now that wars bring no solution: they had ensured Israel's existence but had not brought peace. She believed there was a sea change in the area and the Saudi plan, or Arab Initiative, was a sign of pragmatism.

Zionism, their National Liberation Movement, had never sought to rule others: it was an attempt by an ancient people to return to their land and create an egalitarian democratic state based on the principles of social democracy, principles that could not co-exist with occupation. All the recent leaders of Israel, she said, had realised that Israel could not maintain its existence and identity unless the land was shared. She recalled the SI Congress of 2000 here in Paris when Chairman Arafat and Prime Minister Ehud Barak had shared the same platform, joined hands, and spoken of their common desire to achieve peace. Unfortunately their efforts at Camp David had failed.

Today with the leadership of President Abu Mazen and Prime Minister Salam Fayad there was renewed hope from signs on both sides, but there were also less positive developments in the area: the growing power of Islamic fundamentalism; the quantities of armaments that Iran was transferring to Hezbollah and to Hamas; the aim to transform moderate and secular states into Islamic republics; Iran's ambition to dominate the area, and its stated aim to use nuclear power against Israel. All these were serious challenges to moderate Israelis and moderate Palestinians.

The big challenge now for the Israeli government, in which the Labour Party was included, was to reach an agreement with the Palestinians and in due course with Syria. The message to young people was that a line should not be drawn between security and peace: they were two sides of one coin. They could not be separated and both could be achieved, she said. Israel had to maintain its capabilities, but to maintain its vocation as a Jewish and democratic state, the occupation had to end.

In closing she said that Israelis and Palestinians had been suffering each in their own way for over 60 years. It was time to start negotiations again and this time to end them successfully; it was time for decisions, for careful and responsible solutions. Time was of the essence since it runs against all moderation. As Martin Luther King had said: we are faced with the urgency of now.

Mustafa Barghouti, Palestine, PNI, regretted having to start by saying that although many of the previous speaker's comments were good, she was not the prime minister of Israel, nor was she running Israel's policy. Her party was providing a cover for the Israeli government which was destroying the opportunity for peace. We could either live in illusion or create a new reality, he said. He shared one view and that was the great risk that the two-state option was fading. Months had been spent in peace negotiations between the US and Israel just to convince Israel to partially freeze only the illegal settlement activities, not including East Jerusalem, nor the 15% of territories in the West Bank. In fact the violator of international law had just been rewarded with three billion dollars from the US for partially stopping some settlements.

As a movement for peace, democracy and self-determination, the SI had to ask why this peace process had failed for the last 20 years. It failed first, he said, because of asymmetry and disparity; secondly because Israel, as an occupying force, had been allowed impunity; thirdly because this impunity had led to the growth of right-wing policies in Israel and the deterioration of any motivation to make real peace immediately. There was now a system of apartheid that was dangerous for both sides. Fourthly, it had failed because of an internal Palestinian division, a lack of unity that was strongly encouraged by international circles; and finally the peace process had failed because the US, with its strong bias towards Israel, had monopolised the process and European countries had not been allowed to play a participative role.

Now there would have to be an immediate two-state solution, with the Palestinian state being recognised in its 1967 borders, including East Jerusalem as its capital, or else we faced the loss of the last option and a very long and difficult struggle against apartheid whose outcome would be only one democratic state.

There were five steps that the Socialist International should take immediately, he said. First, to support the non-violent resistance of the Palestinian people against apartheid, which had become a dominant movement in the Palestinian territories, and pressure to stop the violent reaction of Israel. Secondly, to move quickly towards the de facto recognition of a Palestinian state within the borders already mentioned. We had to create a snowball effect in this direction.

Thirdly, he continued, Israel's status of impunity must be removed. For a country that was violating international law and was the third largest military exporter in the world, to be allowed to continue its occupation, and have military cooperation with other countries, was unacceptable.

Fourthly, in line with the resolution agreed in New York, we should continue international support for lifting the inhuman siege on Gaza Strip and also the support for Palestinian national unity.

He reiterated that real state building meant more than a security apparatus and government structures; it also meant building democracy and democratic institutions and the conditions for the respect of human rights. The international community seemed to have forgotten that peace would never be durable unless it was between democracies. So long as apartheid and the violation of human rights continued neither Palestinians nor Israelis would be free, so the struggle was for the children of Palestine, of Israel, and of the Middle East as a whole.

Finally, he highlighted three things from the New York resolution: the decision to send a delegation to investigate the tragic events of 31 May, which he hoped would be sent soon; that SI members should be in the avant-garde of recognising the Palestinian state and its borders; and the steps necessary to restore full SI membership to the PNI and Fatah which would contribute to the recognition of a free Palestine. He recognised that they were up against a huge military power, but there was nothing more powerful than an idea whose time had come, and the idea of a free democratic Palestine had now come.

Ilan Halevi, Palestine, Fatah, first expressed his pleasure at taking part in a meeting of this great international organisation, but had also to voice his party's malaise at the choice of venue. They strongly disapproved of Israel's recent admission to the OECD and especially of its international conference on tourism in Jerusalem, fortunately boycotted by several governments.

Although it was the 22nd anniversary of Palestine's declaration of independence, and 130 governments had recognised it, he said, the actual State of Palestine was still waiting to see the light of day.

Pressure to deprive Palestinians in East Jerusalem of their residents' rights, intimidation and harassment, confiscation or destruction of houses, and provocation around Muslim and Christian holy places were continuing to escalate. In the West Bank, the expansion of settlements, confiscation of land, all were being intensified together with military incursions, illegal kidnappings, mass imprisonments and extra-judicial executions. The infamous separation wall, condemned as illegal by the international community and by the SI, was still being erected, poisoning the lives of hundreds of thousands of Palestinians forced to live in its shade. He elaborated on further deprivations and dangers for the Palestinian people, the settler violence, and the blockade of the Gaza Strip.

On the diplomatic front, he continued, despite US efforts, the impasse persisted. Israel's refusal to freeze settlements was a clear violation of international law and also of the stipulation of the Madrid Conference in 1991 that "unilateral measures able to pre-empt or prejudice the outcome of final status negotiation" were unacceptable. It deprived the whole negotiating process of its very object while revealing the true intention of the Israeli government. Yet despite Palestinian skepticism, the PLO would miss no opportunity to achieve progress towards peace and was still ready to renew talks if the Israeli side demonstrated a genuine will to conform to the demands of the international community.

Several ideas had been elaborated, he said, but even the last round of talks had been interrupted by Israel's decision to resume settlement construction and no substantial progress had been made.

The intervention of the international community and of the US Administration, he said, was more than ever necessary to salvage what remained of the constantly aborted peace process. But rewarding the current Israeli government with upgrading of bilateral relations with the EU, or admission into the OECD, were clearly counter-productive and encouraged Israel to pursue its same policies.

He expressed, as he said he had done before, disappointment at the course followed by the Israel Labour Party whose chairman, a Vice-President of the SI, could continue to operate as Minister of Defence in the most right-wing government Israel had ever had. It seemed to his party to be a total anomaly, and the lack of will in the SI to even raise the issue was not a very good sign.

Everyone knew the conditions for the only available solution, he said. It was not a matter of imagination but of political will. Seventeen years after an interim five-year agreement, and after ten years of aggression and destruction, the Palestinian people were not going to wait indefinitely.

Halevi listed the four axes of Fatah's strategy: a massive non-violent resistance coordinated with international solidarity; building the economy and institutions of the future Palestinian state; working at national unity, reconciliation and power-sharing with Hamas; and relentlessly looking for avenues of negotiation so as to reach an agreement with the Israeli government. He hoped that this Council would adopt a declaration or resolution that reflected their common will and determination.

Mohamed Abdellah, Egypt, NDP, said he came from a region rife with conflict, suffering in the fight against terrorism and extremism. It had many resources but had to face so many challenges that it had not been able to find its true place and to build a better future.

He thought the conditions for achieving a lasting comprehensive peace were obvious: respect on both sides; the rights of the Palestinians to have an independent state; respecting all the resolutions of the UN, and Israel's right to be recognised and to live in peace. If either side refused to respect the rights of the other there would be no peace.

He considered Avital to have been overly optimistic. Many of those working towards peace, like Sadat and Rabin, had paid with their lives. The tragedy today was that the whole world was awaiting the decisions of a right-leaning and extremist Israeli government simply on a freezing of settlements for only three months, instead of talking about a comprehensive and lasting peace. He called on the international community to support the peace process. He said they must also appeal to the Israeli Left to take clear positions. The movement in Israel which supported justice and peace was unfortunately weaker than it had been 20 years earlier. It had made Israelis withdraw from Lebanon and it was this movement that could stop the extremists and fanatics that were part of the Israeli Right.

One thing Abdellah considered extremely dangerous was the conflict between politicians which was taking on a religious and fanatical dimension. If this conflict was not resolved soon the proponents of peace would not be listened to and only the voice of extremists from both sides would be heard. In that case Egypt's hands would be tied.

He referred to the Muslim holiday that celebrated the sacrifice made by Abraham which symbolised how ridiculous the fanatics' positions were. He urged that we listen to the voice of the Palestinian people who were standing up to oppression with such courage, and also to support the pacifist Israeli movement. Only by supporting the current of peace in Israel could peace be achieved, he concluded.

Victor Benoît, Haiti, PFSDH, SI Vice-President, made an appeal on two specific matters relating to Haiti. The first was the urgency of the need for humanitarian assistance from sister countries, and the second was for social democrats throughout the world to remain vigilant concerning the political deterioration in Haiti.

He reminded participants that Haiti had suffered three catastrophes in ten months: the earthquake in January, then the hurricane and devastating floods, and now a cholera epidemic which had already caused 900 deaths and 6000 people hospitalised. He was affected personally as a Haitian, but even more so as a politician. Three MPs had been sickened, and they had lost a number of their active members. He appealed for solidarity and assistance through the appropriate mechanisms, of which there were many. Benoît pointed out the distinction between those ruling Haiti and the people of Haiti who were facing such difficult times.

With regard to the political situation in his country he urged all socialist friends to be vigilant. With the possibility of elections at the end of the month, the words of Laurent Fabius had been very appropriate in describing the situation as a sort of democracy, not a real democracy or real elections, but a matter of holding on to power and creating an election just to convince the international community. What they had in Haiti, he said, was a plutocracy, a government by a small minority, part of a clan close to power that was causing so much damage to the country. That was why the Social Democratic Party was refusing to take part in the elections and wanted to remain as the alternative.

In closing he said his message was simple: an appeal for solidarity with the people of Haiti, and vigilance as to the political deterioration.

Martín Torrijos, Panama, PRD, Chair of SICLAC, ex-officio SI Vice-President, said that democracy was not perpetual: if not looked after, it could be lost. In his region there were trends against lasting democracy as had happened in Honduras with Zelaya, and there had been a movement to leave the association of Latin American countries and see Central America as something apart. In Ecuador, under the pretext of a strike by policemen for higher wages, President Correa who had been struggling to restore democracy to the area, had been temporarily removed from power.

There was also a tendency for parties of the Right to get support from right-wing parties in Europe who became involved in their electoral process. He thought this called for reflection on the role of the SI and its leaders vis-à-vis Latin America.

By tradition, he continued, autocratic leaders did not respect the rule of law, the balance of power was upset, and politics and the legal institutions became interconnected. The countries of his region were known for their inequalities and, as in Haiti, many pledges of assistance had not materialised. Now that elections had been announced, extreme vigilance was needed.

There were too many border conflicts, he said, including between Costa Rica and Nicaragua, which was a serious cause of concern because instead of bringing unity and closer bonds, they were continuing to fight amongst themselves within the Latin American family or the Central American family.

He therefore appealed for international socialist solidarity and for that solidarity to be included in all the plans and by all the leaders. Mere expressions of solidarity and support were not enough if we wanted to live in a world of true solidarity.

Hermes Binner, Argentina, PS, Governor of Rosario, Santa Fe, said that we were living through an unprecedented crisis, not as a result of overproduction or lack of consumer demand, but from financial capital movements. It had begun as a financial crisis and then taken on new forms. Governments had been under great pressure when in fact the financial sector should have had to pay, and this had led to

reductions in welfare benefits and very serious difficulties for the people of the world and for our modern democracies.

The welfare state was one of socialism's greatest achievements, he continued, bringing a fairer distribution of wealth that could be measured in health, education and housing. Now with the deterioration of living conditions and the capitalist system demanding still more, the welfare state was being blamed and curtailed, and there was civil unrest.

We had to be extremely clear about this, he said. There was a great deal of work to be done because the system of financial capital, the very heart of the crisis, was still in place. We must work to defend the welfare state and overcome the effects of the crisis. It was up to us to create a global welfare state where rights are respected and progress made to satisfy everyone's needs. Only growth through the welfare state would lead to the social policies we advocated.

Argentina, he said, having recently lost a very eminent political personality, must base its future on the values of socialism; the two socialist parties belonging to the SI, had to come up with a response for Argentineans in 2011.

In his province of Santa Fe there was great growth potential with a very progressive economic policy and a society that demanded better conditions for all. That was the avenue they must follow in order to progress.

In closing, Binner paid tribute to two eminent Argentinean SI leaders who were no longer with us, Raúl Alfonsín, former President of Argentina, and Guillermo Estévez Boero, former President of the Socialist Party of Argentina.

Luis Ayala, reminded participants that great gains had been made in the struggle for democracy in Africa. Thanks to the efforts of our member party in Guinea and the leadership of Alpha Condé with whom we had worked for some years, a return to democracy, free and fair elections, and a victory for our party had just been confirmed. Provisional results gave Alpha Condé 52.52% of the vote; we were calling for the results to be accepted and looking forward to a successful transition to full democracy in Guinea.

The struggle for democracy continued, in Africa and elsewhere, and he now gave the floor to three speakers from Africa who embodied that commitment.

John Fru Ndi, Cameroon, leader of the SDF, on the subject of conflict resolution and the political scene in Africa, said that the cause of conflict in Africa was elections rigged by incumbents. This topic had been discussed repeatedly and he thought that the SI should take a firm stand at the United Nations.

He thanked the people of South Africa for organising a very good World Cup which had respected all the common laws. Football, he said, was a good example because there was no African football, or European football: there was universal football. We should be able to have universal laws also to govern how elections are organised, but it was impossible to claim any pride today in the laws that governed African elections.

Here in France, in Europe, people had to respect the laws, but in Africa there was no institution to make dictators respect the law. There were even socialist parties still supporting those dictators and yet we were sitting here and talking.

Cameroon, he said, would come top in bad governance, bribery and corruption, so he sometimes felt ashamed of introducing himself as Cameroonian. People associated Cameroon with two things: football and corruption; and the leaders who embezzled, put their money here in Europe and they were known and they were being supported.

He therefore appealed to the SI to take positive actions concerning governance, because as different political parties we were trying to govern, or were already governing, and we needed to make sure that elections were legal and voters were protected. It was when elections failed that people went to war and it was better to prevent war than to reconcile people afterwards. He urged the SI to promote a law to govern elections and protect the people.

Luis Ayala said there were two SI member parties in Mali where presidential elections would soon be held. He gave the floor to Ibrahim Boubacar Keita who had been Prime Minister of Mali and President of the African parliament and also speaker of his parliament. He currently was a member of the SI Commission on Global Financial Issues. The party had hosted several SI activities in Bamako.

Ibrahim Boubacar Keita, Mali, RPM, member of the SI Commission on Global Financial Issues, said he sometimes felt a lack of warmth towards Africa, but now a real democratic patriot, who had spent his whole life fighting for the values we hold dear, had been elected President of Guinea and he invited applause for Alpha Condé's well deserved victory.

He echoed Laurent Fabius' view that there was nothing worse than pseudo-democracies of which there were many in Africa. They did great harm, so when there was a glimmer of hope and people who shared our values came to power, we must help them instead of allowing ourselves to be manipulated by parties that tried to ruin the reputation of genuine candidates. He said he knew Alpha Condé and had been upset by the criticisms and attacks he had endured. On his release from prison, where he had been treated appallingly, he had appeared a sad figure. Now, having succeeded in his fight, he deserved our applause.

He said the forces of African socialism had in no way betrayed their fundamental values. He advised that the Côte d'Ivoire should be vigilantly watched so that our values were not corrupted.

Unfortunately, he continued, Mali had become infamous for hostage-taking. His country, like Niger and other Muslim countries in Africa, had nothing to do with fundamentalist Muslim extremists. Having been Muslim for a very long time, they were not religious fanatics. But in a country where young people had no job other than carrying a weapon, they were readily misled by parties who had found a way to make easy money. One could see the luxurious villas in Timbuktu and elsewhere in Africa that had been bought with the proceeds of drug trafficking and other illegal activities. Those countries needed progress. Their desire for democracy was real, but their nascent democracies were at risk when a plane-load of drugs from Latin America could touch down in the Sahara for young people to sell.

Narco-trafficking was hampering the development of his country and also endangering democracy. All their development projects had been halted; engineers, technicians and inter-governmental organisations had had to return to their countries due to problems related to narco-trafficking and terrorism. To overcome this, their countries needed to be truly based on the law, which not many

African countries were. Weak countries were unable to fight narco-trafficking. Therefore their struggle to achieve democracy must succeed and when there was a happy outcome in elections, as in Guinea, we should support the country that has made that progress. In closing he recalled Léopold Senghor saying that in facing our problems we must always help those who are fighting to uphold our common values.

Ahmed Ould Daddah, Mauritania, RFD, said he had prepared an introduction to the third theme but he believed the context was not conducive so he would submit that paper to the Secretary General and speak about the situation which was of interest to everyone: the instability and terrorism in his region.

In a country like his where over 75% of the population was under the age of 30 and where there were all types of resources, the terrorism and fanaticism were clearly the result of a lack of policies and the inaction of domestic and external partners. This failure was inviting further problems and instability, not just for Mauritania but also for the neighbouring sub-region.

He considered it essential to single out what was happening by way of illegal activities. Many statements had been made, and eminent people had described the situation, but nothing concrete had been done to change the way things were evolving, or to create a glimmer of hope for all those young people.

These were the challenges, he said, distressing no doubt, but despair was not the best source of wisdom. The Sahelian and the Saharan regions were victims of this situation but had done nothing to deserve it. In the whole vast region there was in fact a great deal of wealth: gold, copper, phosphates, uranium, gas and probably even oil. The region of the Sahel desert had seen recurring coups and there was real-politick; it was crying out for help and needed social democrats to save it, which was still possible, from being completely derailed and following an extremist fanatical path.

Daddah congratulated his friend Alpha Condé on his victory in Guinea and said the countries of the region needed demonstrations of solidarity by democratic socialists. It was a moral and a political issue, but also a matter of conflict prevention, an investment in that pursuit. He therefore invited the SI to maintain its capacity of heightened awareness to certain problems, not leaving it all to the United Nations, and to strengthen its acts of solidarity in keeping with its principles and goals.

Henry Ramos, Venezuela, AD, referred to the report of the SI mission to Venezuela, and the serious state of affairs seen in his country. He urged participants to read that report and also those on human rights by Amnesty International, Human Rights Watch, and the UN.

On 26 September, he said, they had witnessed a very undemocratic situation. The electoral system was rigged in such a way that the party that won the popular vote had lost the majority in the parliament, as had happened the previous time. They now had many political exiles, they had no freedom of expression, the Constitution was not respected, and the regime was clearly military and authoritarian.

Specifically, he continued, there was no separation of powers; all the public power was in the hands of the Executive. The Supreme Court had interpreted the Constitution in such a way that it removed the immunity provided for political candidates, invalidated the results of the elections, and violated the rights of four citizens who were then charged. Moreover, there had been an unfair trial and a public declaration by the military chief of staff that the Constitution allowed members of the military to participate in politics even though the Constitution said the opposite.

The people of Venezuela, he said, must have their voice heard so they could win the elections in 2012. The armed forces must not be allowed to run the elections. The declaration echoed what Chávez had said about the armed forces not allowing the socialist parties to come to power if they won the next elections. This was totally unacceptable.

The things he was denouncing here, he concluded, had been denounced in other meetings of the SI and the Committee for Latin America and the Caribbean. He was asking SI comrades to be extremely vigilant monitoring the situation in Venezuela because the problem was now one of universal dimensions, that should concern all those who believed in democracy and justice.

Leopoldo López, Venezuela, Voluntad Popular, said the reality of his country was that socialism had been destroyed by the military: anyone who did not share the vision of the party in power was considered an enemy. There were 2,600 political prisoners and more than 400 who had not been brought to trial but who were not allowed to run stand for election. Political association, or participation in social programmes, was not allowed, so they were living under a form of political apartheid which was getting worse. But they were committed to defending democracy and progress and to a Venezuela that considered everyone equal.

They wanted a very clear change; having won 52% of the vote last time, they were working for even higher figures in 2012 so as to gain victory for the forces of progress, for respect of the Constitution and for human rights. They believed they could do more for the poor and for the youth and they would support workers' rights. There were trade unionists who were now in prison, he said, because they exercised their constitutional right to strike.

López asked for understanding of this extremely important struggle, and support for those who were defending the Constitution and democracy. Ten years earlier, he said, there had been signs of change and hope, but today the authoritarian government was increasingly acting against democracy, outside the rule of law, and with no respect for human rights. He mentioned a declaration from a top General that in 2012 the armed forces would be behind the current opposition. Clearly that was an appeal for a military uprising. What was happening in his country did not represent the spirit of the immense majority of Venezuelans who wanted change through democracy, through a fully participative electoral process.

Their one very clear commitment, he concluded, was that the Constitution must be respected; every citizen's rights must be respected; and there must be no distinction for political allegiances or other reasons. They were working for a better future for Venezuela and hoped that very soon they would reap the benefits of this struggle.

Luis Ayala, said the next speaker also came from a country where social democrats had been struggling for democracy and for free and fair elections. He congratulated the leader of the party on their success in recent elections.

Omurbek Tekebaev, Kyrgyzstan, Ata Meken, said that on 7 April there had been a second change of power in five years in his country. In 2005 anger against the established political system had sparked popular protests and the overthrow of the government. President Bakiyev had taken control of the executive, legislative and judicial branches of power ruling with a small group of family and insiders who had no legitimacy from the nationwide elections. Their vested interests took precedence over official

governmental bodies as could be seen in the takeover of whole branches of the economy for their personal gain and in the exploitation of citizens.

A provisional government had been established by leading opposition parties announcing constitutional reforms and parliamentary elections. The new Constitution had been approved by 90% of voters in the June 2010 referendum that local and international observers said was well organised. Roza Otunbayeva had been elected head of the provisional government, opening the way for a parliamentary republic.

Women in Central Asia had never held key government positions, he continued, but traditions were changing and Kyrgyzstan had established two political precedents: a woman had become ruler of the country, and parliamentary governance had been approved. The choice of a parliamentary republic was justified by the profound crisis of an authoritarian regime based on strong presidential power that had led to the demise of the state and its institutions. Many were looking to see how this new political experience would evolve and whether an effective parliamentary governance was possible given the belief that the mindset and political culture of Central Asia demanded the concentration of power in one revered leader.

The transition in Kyrgyzstan was a challenge to political traditions in the region. It would stimulate the development of a new political culture but that could not happen in isolation, separate from other societies. Kyrgyzstan was surrounded by large states with strictly centralised regimes, who were not giving a very warm welcome to an unusual neighbour. His country was counting on international cooperation to develop and strengthen their democracy.

In his party's vision for his country they saw social democracy as an alternative to radicalism in Central Asia. They were opposed to political radicalism, religious radicalism and liberal radicalism which eliminated economic and political pluralism and led to the total commercialisation of social life through exploitation of workers and natural resources. They were opposed to ethical radicalism and the chauvinistic doctrine of one nation's superiority over others which fostered crime and corruption. Neither radicalism nor top-down command structures could ensure the protection of society: it required improved involvement in the political process, expanded social foundations of governance, and the strengthened responsibility of state officials and political administrators. If the reforms in his country were successful, he concluded, it was not just a form of government that would change but the entire range of relations in the political system and public administration.

Adoption of statements and resolutions of the Council

Luis Ayala said the meeting would now consider the statements and resolutions according to the agenda, with the rapporteur on the Global Economy introducing that Commission's draft statement.

Eero Heinäluoma, Finland, SDP, SI Vice-President, rapporteur of the SI Commission on Global Financial Issues, thanked all those who had contributed to the discussion on this theme. The SI's statement in New York was still valid, he said, but there had been no positive developments in the world economy since then. The Commission was now proposing a very short statement based on proposals made by members of the Stiglitz Financial Crisis Commission of the SI, and included four strong messages. First, the need for cooperation on national economic policies and for the French presidency of the G20 to work for a joint strategy for global growth; second, the need for a new financial architecture and global governance; third, support for a tax on financial transactions, a very important tool for social work and

development aid; and fourth, to stress that the financial crisis was no reason to forget our commitments on poverty, the MDGs, and our fight against climate change.

The *Statement - The Global Economy after the G20 Summit in Seoul* was adopted.

Luis Ayala, in connection with the economic discussion, turned to the proposed text prepared by the Committee on Economic Policy, Labour and National Resources.

The document *Global Welfare Statehood - The Alternative of the Socialist International to Global Social Irresponsibility* was adopted.

On the theme of Climate Change, Ayala said the strong message to Cancún in the 'Paris Appeal' embodied the commitment of social democrats the world over on this very crucial question. All the members of the Commission were happy with the statement and he thanked them and President Lagos for their work. They would meet again in Mexico before taking our message to Cancún.

The *Paris Appeal - Facing the Consequences of Climate Change: The Urgent Need for a Meaningful Agreement at COP16* was adopted.

Turning to the third theme of the agenda, **Luis Ayala** said the SI had been strengthening its work on disarmament. There was a draft Declaration on NATO Strategy, which was directed to the forthcoming NATO Summit in Portugal, and on Missile Defence, a very crucial issue today.

Tadeusz Iwinski, Poland, SLD, suggested that the text should include at least one paragraph emphasising the need to strengthen peaceful action and increase stability in Afghanistan. He said we should not speak only of military technology and operations.

Luis Ayala pointed out that this draft corresponded to the issues on the agenda of the Committee and had been agreed by all its members. Different aspects would be considered in forthcoming activities of the Committee and in other work.

The *Declaration: NATO Strategy and Missile Defence* was adopted.

There was good news, Ayala said, on a strong text arising from the debate on democracy which referred very precisely to forthcoming elections in Africa and the need to ensure that these were free and fair. This was built on contributions from our African parties, and included our commitment to elections in other parts of the world.

It also addressed the very complex issue of the conflict in Armenia-Azerbaijan. The SI's Committee for the CIS, Caucasus and Black Sea had launched an initiative that had successfully brought representatives from the two sides together in those two countries for the first time since the signing of the ceasefire. The situation was still very vulnerable, he said, but the Committee was becoming more and more relevant in moving things forward and advancing the resolution of conflict. He emphasised that the SI had reached out to the governments of both countries: President Aliyev of Azerbaijan had accepted the initiative, and the authorities in Armenia had also agreed to the presence of Azerbaijani delegates.

Ayala said two questions remained: one was that of Morocco and the Western Sahara. Both the USFP and Polisario participated in the work of the SI Committees and Council. He had asked the Chair of the Mediterranean Committee to look into the possibilities of some common positions.

José Antonio Espejo, Spain, PSOE, said he had spent the previous day discussing with the Polisario Front, the Moroccan USFP and other parties from the region to try to determine exactly what had happened in the past few weeks. The current situation was very difficult and many political interests were involved so the Mediterranean Committee felt it was their responsibility to investigate the matter. They had agreed with the Polisario Front to hold a meeting, probably in Madrid within the next two weeks, and they had also invited the Moroccan party to join in the discussion. The Chair of the Committee would sit with representatives of both sides, either bilaterally or trilaterally to carry out this investigation and gather sufficient information to present a report so that the SI Council could make a political declaration.

Espejo felt this was something that concerned all progressive and socialist forces: we had to show that no position was taken without sufficient information. We were working for peace in the region and wanted politics to be used for the promotion of peace, respect for human rights and respect for the sovereignty of the region.

Luis Ayala asked whether it was envisaged that other SI members would follow or accompany those discussions given the different sensitivities.

Espejo thought that at this point it would be more practical for the two sides, either together or separately as they preferred, to provide the information. The Committee could first study it and then invite all our comrades to participate, and the Council could then adopt a resolution if it so chose.

Delegate from South Africa, ANC, said that, in essence, all the comments from the chair of the Committee had been included in the draft resolution his party had submitted. They had requested an urgent investigation to determine what had led to the violence and he therefore suggested that Council consider their resolution as part of the one proposed by the Committee.

Omar Mansour, Western Sahara, Polisario, thanked the Spanish comrades for offering this opportunity. He said the text was not from Polisario but from the Swedish party, the ANC and IUSY. There had been a massacre in Western Sahara with 36 people killed, 700 injured and 165 detained. The Security Council, the European Parliament, Amnesty International and the ANC had all reacted. The SI could not remain silent but must denounce the violence. He thought the SI Mediterranean Committee must have them meet together. He had been surprised that the USFP had refused to speak with them. The situation was very dangerous and he appealed to Council to consider the proposal from the SAP, ANC, and IUSY.

Nouzha Chekrouni, Morocco, USFP, SI Vice-President, seconded the proposal put forward by the Chair of the Mediterranean Committee because it was important to reinforce the institutions which we trusted completely. She hoped we could speak with one voice and find solutions to the problems. The SI naturally supported the UN efforts and both Morocco and Algeria had engaged in dialogue with Polisario through the UN. This was the way to reach the lasting peace we all wanted. She thought it best not to debate the resolution since opinions differed, no one had the absolute truth, and the dialogue might go on endlessly which would be hard on our French hosts. The SI should not be divided, so in everyone's interests she called on support for the Committee's proposal.

George Papandreou said that the SI included many parties from many parts of the world where there were conflicts. We were not trying to hide those but to bring them here for debate and discussion with the purpose of trying to help, sometimes as the only forum where these issues could be discussed. The SI wanted not only to discuss but also to help move forward, creating a consensus which could lead to common positions or to a resolution of problems. He saw here a possibility for dialogue and a Committee that was ready to take up the initiative. He recommended supporting the Committee's position.

Luis Ayala said the Chair of the Mediterranean Committee had put forward an appeal to try to find a common position for the whole SI on this very delicate and important issue and asked the Council if it was ready to accept it.

The Council approved the proposal of the Chair of the Mediterranean Committee.

Ayala said one issue remained. Mustafa Barghouthi from the PNI had been hoping to include some text in the general statement on Overcoming Conflict: Strengthening Democracy with reference to the Middle East. The current statement, Ayala said, reiterated the one adopted in New York of which the SI could be proud because the two member parties from Israel and the two from Palestine had engaged in dialogue and consensus had been reached, which is what the SI always tried to do. That important statement remained current.

Colette Avital said her party and Meretz had been very proud to be part of this family because they had found a way to communicate with their Palestinian neighbours and to reach agreement on certain formulations. This had not been the case here. What had happened in the last few hours seemed to her almost like an act of piracy. At the last moment a new resolution had been put on the table which, she said, was not a reiteration of the one from New York. On behalf of two member parties of the SI she urged participants not to accept a last-minute decision.

Luis Ayala said presumably no one had anything against the reiteration of the New York resolution which had been the product of agreement in the discussions on both sides. The new development was our proposal to hold a meeting of the Middle East Committee in the region with a commitment to address all these problems and in particular the re-launching of the peace talks.

Mustafa Barghouthi said he was surprised by Avital's language. He reminded her that Israel was an occupier and an oppressor, enforcing apartheid on Palestinians. There had been no piracy whatsoever, just a proposed statement in the same spirit as the New York one, part of the process of dialogue. He could not understand the objection to a reiteration of the New York resolution plus a commitment to a two-state solution with Israelis and Palestinians living side by side as secure, sovereign nations, and a call to member parties to remain engaged in the peace process. He asked if Avital wanted to declare that East Jerusalem was part of Israel, or to deny UN resolutions saying it was an occupied territory. He said he was not taking a Palestinian position but one of international law. He said Israel must understand that they could not have a veto power on the question of ending occupation.

Mohamed Abdellah, Egypt, NDP, considered this issue to be related to the theme of Conflict Resolution. There was an ongoing peace process which had been re-launched and there were obstacles threatening it. He thought the SI should reiterate its position for a lasting and just peace based on UN resolutions and international law guaranteeing security to both parties which was clearly the objective of all our work.

Luis Ayala said it was not possible to open a debate now. Barghouthi's text, he said, had requested support for his party to be upgraded, but this was only done through the Ethics Committee. We had managed, with all the parties involved, to get a very good resolution in New York and it had not been superseded by our work or by current realities. He reiterated the intention to go to the region to work on coming together as we had before.

George Papandreou agreed that it was late to bring proposals but both Colette Avital and Mustafa Barghouthi were expressing the frustration felt in the region and by us all. He suggested reiterating the New York resolution, and confirming that we would soon be taking an initiative to work with our parties in the region to support the peace process and to assess the situation and report back to the next Council.

The Statement - Overcoming Conflict: Strengthening Democracy and Security was adopted.

Luis Ayala welcomed the decision saying that no matter how difficult an issue was, the SI always managed to reach agreement, and this was what made social democrats the people to end conflict and bring about democracy.

The SI now had four commitments: to meet in Cancún, Mexico; to follow the discussions in Spain; to launch an initiative in the Middle East; and to pursue the recommendations of the Financial Commission. We would also be continuing our work in the regional Committees. All our Commissions were attracting growing attention to their work, as was the annual meeting of our Presidium with Heads of State and Government.

Closure

George Papandreou said it had been a very productive Council meeting with some very specific results: the messages to the G20, and to the COP16 in the 'Paris Appeal'; and the statement on democracy and conflict resolution. He thanked all the chairs of the commissions for their excellent work and with special thanks to the French Socialist Party for their warm hospitality he wished them good luck in the coming elections and declared the Council meeting closed.
